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SECTION A
SECTION A APPLIES REGARDLESS OF CONTRACT PRICE

A.1 DEFINITIONS

Whenever used in this document, the following definitions shall be applicable unless the content indicates otherwise:

(a) "DOE" shall mean the United States Department of Energy or any duly authorized representative thereof, including any successor or predecessor agency thereof, including the Contracting Officer.

(b) "Government" shall mean the United States of America.

(c) "Contracting Officer" shall mean the Government official executing the contract between FERMCO and the DOE, and includes any appointed successor or authorized representative thereof.

(d) "FERMCO" shall mean the Fernald Environmental Restoration Management Corporation. The term includes authorized representatives of FERMCO acting within the limits of their authority as delegated by FERMCO.

(e) "Seller" shall mean the person or organization entering into this contract with FERMCO.

(f) "Head of the Agency" or "Secretary" shall mean the Secretary, the Under Secretary, and Assistant Secretary, or any other head or assistant head of the executive or military department or other Federal agency.

(g) "Supplies" shall mean equipment, components, parts and materials to be provided by Seller and its subcontractors pursuant to this contract.

(h) "Services" shall mean labor, direction of Labor, production of technical information, consulting services or any other services furnished by Seller and its subcontractors under this contract.

(i) "Subcontractor" shall mean any subcontractor or supplier of any tier which supplies goods and/or services to Seller in connection with Seller's obligations under this contract.

(j) "Work" shall mean supplies, services, and vendor data provided by Seller and its subcontractors and all work performed with respect thereto pursuant to this contract.

(k) "Vendor Data" shall mean any and all information, data and documentation to be provided by Seller and its subcontractors under this contract.

(l) The term "contract" also includes purchase order.

A.2 FAR 52.203-1 OFFICIALS NOT TO BENEFIT (APR 1984)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

A.3 FAR 52.203-3 GRATUITIES (APR 1984)

(a) The right of Seller to proceed may be terminated by written notice if, after notice and hearing, the head of the agency or FERMCO determines that the Seller, its agent, or another representative--

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of FERMCO; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, FERMCO is entitled--

(1) To pursue the same remedies as in a breach of the contract; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Seller in giving gratuities to the person concerned, as determined by FERMCO.

(This subparagraph (c)(2) is applicable only if this contract uses money appropriated to the Department of Defense.)

(d) The rights and remedies of FERMCO provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

A.4 FAR 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)

(a) The Seller warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, FERMCO shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a Seller for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain FERMCO contracts nor holds itself out as being able to obtain any FERMCO contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a Seller and subject to the Seller's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain FERMCO contracts nor holds out as being able to obtain any FERMCO contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a FERMCO contract.

"Improper Influence," as used in this clause, means any influence that induces or tends to induce a FERMCO employee or officer to give consideration or to act regarding a FERMCO contract on any basis other than the merits of the matter.

A.5 FAR 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO FERMCO (JUL 1985)

(a) Except as provided in (b) below, the Seller shall not enter into any agreement with an actual or prospective subcontractor, nor otherwise act in any manner, which has or may have the effect of restricting sales by such subcontractors directly to FERMCO or the Government of any item or process (including computer software) made or furnished by the Seller under this contract or under any follow-on

production contract.

(b) The prohibition in (a) above does not preclude the Seller from asserting rights that are otherwise authorized by law or regulation.

(c) The Seller agrees to incorporate the substance of this clause, including this paragraph (c), in all subcontracts under this contract.

A.6 52.203-7 ANTI-KICKBACK PROCEDURES (OCT 1988)

(a) Definitions

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to FERMCO or any employee, any Seller or Seller employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a contract or in connection with a subcontract relating to a contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company or individual.

"Contract," as used in this clause, means a contract or contractual action entered into between the Seller and FERMCO for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"FERMCO employee," as used in this clause, means any officer, partner, employee, or agent of FERMCO.

"Subcontract," as used in this clause, means a contract or contractual action entered into by the Seller for the purpose of providing supplies, materials, equipment, or services of any kind under this contract to FERMCO.

"Seller employee," as used in this clause, means any officer, partner, employee, or agent of the Seller.

"Subcontractor," as used in this clause, (1) means any person other than Seller herein, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under the contract or a subcontract entered into in connection with this contract, and (2) includes any person who offers to furnish or furnishes general supplies to the Seller or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The Anti-Kickback Act of 1986 (41 U.S.C 51-58) (the Act), prohibits any person from--

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a Seller to FERMCO or in the contract price charged by a subcontractor to the Seller or higher tier subcontractor.

(c) (1) The Seller shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Seller has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Seller shall promptly report in writing the possible violation. Such reports shall be made to FERMCO, DOE Inspector General, or the Department of Justice.

(3) The Seller or subcontractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this

clause.

(4) FERMCO may (i) offset the amount of the kickback against any monies owed by FERMCO under the contract and/or (ii) direct that the Seller withhold, from sums owed a subcontractor under the contract, the amount of any kickback. FERMCO may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to FERMCO unless FERMCO has already offset those monies under subdivision (c)(4)(i) of this clause. In either case, the Seller shall notify FERMCO when the monies are withheld from subcontractor.

(5) The Seller agrees to incorporate the substance of this clause, including this subparagraph (c)(5) but excepting subparagraph (c)(1), in all subcontracts under this contract.

A.7 DEAR 952.208-70 PRINTING (APR 1984)

The Seller shall not engage in, nor subcontract for, any printing (as that term is defined in Title I of the U.S. Government Printing and Binding Regulations in effect on the effective date of this contract) in connection with the performance of work under this contract. Provided, however, that performance of a requirement under this contract involving the duplication of less than 5,000 copies of a single unit, or no more than 25,000 units in the aggregate of multiple units, will not be deemed to be printing. A unit is defined as one sheet, size 8 1/2 by 11 inches one side only, one color. A requirement is defined as a single publication document.

(1) The term "printing" includes the following processes: composition, plate making, presswork, binding, microform publishing, or the end items produced by such processes.

(2) If fulfillment of the contract will necessitate reproduction in excess of the limits set forth above, the Seller shall notify FERMCO in writing and obtain FERMCO's approval prior to acquiring on FERMCO's behalf production, acquisition, and dissemination of printed matter. Such printing must be obtained from Government Printing Office (GPO), a contract source designated by GPO or a Joint Committee on Printing authorized federal printing plant.

(3) Printing services not obtained in compliance with this guidance will result in the cost of such printing being disallowed.

(4) The Seller will include in each of his subcontracts hereunder a provision substantially the same as this clause including this paragraph (4).

A.8 FAR 52.212-12 SUSPENSION OF WORK (APR 1984)

(a) FERMCO may order the Seller, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that FERMCO determines appropriate for the convenience of FERMCO.

(b) If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of FERMCO in the administration of this contract, or (2) by FERMCO's failure to act within the time specified in this contract (or within a reasonable time if not specified), an adjustment shall be made for any increase in the cost of performance of this contract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the contract modified in writing accordingly. However, no adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Seller, or for which an equitable adjustment is provided for or excluded under any other term or condition of this contract.

(c) A claim under this clause shall not be allowed (1) for any costs incurred more than 20 days before the Seller shall have notified FERMCO in writing of the act or failure to act involved (but this requirement shall not apply as to a claim resulting from a suspension order), and (2) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under

the contract.

A.9 FAR 52.222-1 NOTICE TO FERMCO OF LABOR DISPUTES (APR 1984)

(a) If the Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Seller shall immediately give notice, including all relevant information, to FERMCO.

(b) The Seller agrees to insert the substance of this clause, including this paragraph (b), in any subcontract to which a labor dispute may delay the timely performance of this contract; except that each subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify the next higher tier subcontractor or the prime contractor, as the case may be, of all relevant information concerning the dispute.

A.10 FAR 52.222-3 CONVICT LABOR (APR 1984)

The Seller agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 4082(c)(2) and Executive Order 11755, December 29, 1973.

A.11 FAR 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (NOV 1989)

(a) The Seller agrees to submit a Material Safety Data Sheet (Department of Labor Form OSHA-20), as prescribed in Federal Standard No. 313B, for all hazardous materials 5 days before delivery of the material, whether or not listed in Appendix A of the Standard. This obligation applies to all materials delivered under this contract which will involve exposure to hazardous materials or items containing these materials.

(b) "Hazardous material," as used in this clause, is as defined in Federal Standard No. 313B, in effect on the date of this contract.

(c) Neither the requirements of this clause nor any act or failure to act by FERMCO or the Government shall relieve the Seller of any responsibility or liability for the safety of: Government, FERMCO, Seller, or subcontractor; personnel or property.

(d) Nothing contained in this clause shall relieve the Seller from complying with applicable Federal, state and local laws, codes, ordinances and regulations (including the obtaining of licenses and permits) in connection with hazardous material.

(e) The Government's and FERMCO's rights in data furnished under this contract with respect to hazardous material are as follows:

(1) To use, duplicate, and disclose any data furnished under this clause is applicable. The purposes of this right is to (i) apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials; (ii) obtain medical treatment for those affected by the material; and (iii) have others use, duplicate, and disclose the data for FERMCO and the Government for these purposes.

(2) To use, duplicate, and disclose data furnished under this clause, in accordance with subparagraph (e) (1) above, in precedence over any other clause of this contract providing for rights in data.

(3) That FERMCO and the Government are not precluded from using similar or identical data required from other sources.

(4) That the data shall not be duplicated, disclosed, or released outside FERMCO or the Government, in whole or in part for any acquisition or manufacturing purpose, if the following legend is marked on each piece of data to which this clause applies--

"This is furnished under United States Government Prime Contract No. DE-AC05-920R21972 and shall not be used, duplicated, or disclosed for any acquisition or manufacturing purpose without the permission of the Seller. This legend shall be marked on any reproduction of this data."

(5) That the Seller shall not place the legend or any other restrictive legend on any data which (i) the Seller or any subcontractor previously delivered to FERMCO or the Government without limitations or (ii) should be delivered without limitations under the conditions specified in the Federal Acquisition Regulations in the clause at 52.227-14, Rights in Data.

(f) The Seller shall insert this clause, including this paragraph (f), with appropriate changes in the designation of the parties, in subcontracts at any tier (including purchase designation or purchase orders) under this contract involving hazardous material.

A.12 FAR 52.224-2 PRIVACY ACT (DEVIATION) (APR 1984)

(a) The Seller agrees to--

(1) Comply with the Privacy Act of 1974 (the Act) and the agency rules and regulations issued under the Act in the design, development, or operation of any system of records on individuals to accomplish an agency function when the contract specifically identifies--

(i) The systems of records; and

(ii) The design, development, or operation work that the Seller is to perform;

(2) Include the Privacy Act notification contained in this contract in every solicitation and resulting subcontract and in every subcontract awarded without a solicitation, when the work statement in the proposed subcontract requires the design, development, or operation of a system of records on individuals that is subject to the Act; and

(3) Include this clause, including this subparagraph (3), in all subcontracts awarded under this contract which requires the design, development, or operation of such a system of records.

(b) In the event of violations of the Act, a civil action may be brought against the agency involved when the violation concerns the design, development, or operation of a system of records on individuals to accomplish an agency function, and criminal penalties may be imposed upon the officers or employees of the agency when the violation concerns the operation of a system of records on individuals to accomplish an agency function. For purposes of the Act, when the contract is for the operation of a system of records on individuals to accomplish an agency function, the Seller and any employee of the Seller is considered to be an employee of the agency.

(c) (1) "Operation of a system of records," as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records.

(2) "Record," as used in this clause, means any item, collection, or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the person's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a fingerprint or voiceprint or a photograph.

(3) "System of records on individuals," as used in this clause means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

(d) (Deviation) The Seller shall include appropriate provisions in

subcontracts to implement this requirement.

A.13 FAR 52.225-5 BUY AMERICAN ACT -- CONSTRUCTION MATERIALS (MAY 1992)

(a) The Buy American Act (41 U.S.C. 10) provides that the Government give preference to domestic construction material.

"Components," as used in this clause, means those articles, materials, and supplies incorporated directly into construction materials.

Construction material, as used in this clause, means an article, material, or supply brought to the construction site for incorporation into the building or work. Construction material also includes an item brought to the site pre-assembled from articles, materials or supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, which are discrete systems incorporated into a public building or work and which are produced as a complete system, shall be evaluated as a single and distinct construction material regardless of when or how the individual parts or components of such systems are delivered to the construction site.

"Domestic construction material," as used in this clause, means (1) an unmanufactured construction material mined or produced in the United States, or (2) a construction material manufactured in the United States, if the cost of its components mined, produced, or manufactured in the United States exceeds 50 percent of the cost of all its components. Components of foreign origin of the same class or kind as the construction materials determined to be unavailable pursuant to subparagraph 25.202(a)(3) of the Federal Acquisition Regulation (FAR) shall be treated as domestic.

(b) The Seller agrees that only domestic construction material will be used by the Seller, materialmen, suppliers and lower-tier subcontractor(s) in the performance of this contract, except for foreign construction materials, if any, listed in this contract.

A.14 FAR 52.232-23 ASSIGNMENT OF CLAIMS (JAN 1986)

(a) The Seller may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Seller shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until receiving prior written approval of FERMCO.

A.15 FAR 52.232-5 PAYMENTS UNDER FIXED-PRICE CONSTRUCTION CONTRACTS (APR 1989)

(a) FERMCO shall pay the Seller the contract price as provided in this contract.

(b) FERMCO shall make progress payments monthly as the work proceeds, or at more frequent intervals as determined by FERMCO, on estimates of work accomplished which meets the standards of quality established under the contract, as approved by FERMCO. The Seller shall furnish a breakdown of the total contract price showing the amount included therein for each principal category of the work, which shall substantiate the payment amount requested in order to provide a basis for determining progress payments, in such detail as requested by

FERMCO. In the preparation of estimates FERMCO may authorize material delivered on the site and preparatory work done to be taken into consideration. Material delivered to the Seller at locations other than the site may also be taken into consideration if --

(1) Consideration is specifically authorized by this contract; and

(2) The Seller furnishes satisfactory evidence that it has acquired title to such material and that the material will be used to perform this contract.

(c) Along with each request for progress payments, the Seller shall furnish the following certification, or payment shall not be made:

I hereby certify, to the best of my knowledge and belief, that --

(1) The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the contract;

(2) Payments to subcontractors and suppliers have been made from previous payments received under the contract, and timely payments will be made from the proceeds of the payment covered by this certification, in accordance with contract agreements and the requirements of chapter 39 of Title 31, United States Code; and

(3) This request for progress payments does not include any amounts which FERMCO intends to withhold or retain from a Seller or supplier in accordance with the terms and conditions of the contract.

(Name)

(Title)

(Date)

(d) If the Seller, after making a certified request for progress payments, discovers that a portion or all of such request constitutes a payment for performance by the Seller that fails to conform to the specifications, terms, and conditions of this contract (hereinafter referred to as the "unearned amount"), the Seller shall --

(1) Notify FERMCO of such performance deficiency; and

(2) Be obligated to pay FERMCO an amount (computed by FERMCO in the manner provided in 31 U.S.C. 3903(c)(1)) equal to interest on the unearned amount from the date of receipt of the unearned amount until --

(i) The date the Seller notifies FERMCO that the performance deficiency has been corrected; or

(ii) The date the Seller reduces the amount of any subsequent certified request for progress payments by an amount equal to the unearned amount.

(e) If FERMCO finds that satisfactory progress was achieved during any period for which a progress payment is to be made, FERMCO shall authorize payment to be made in full. However, if satisfactory progress has not been made, FERMCO may retain a maximum of 10 percent of the amount of the payment until satisfactory progress is achieved. When the work is substantially complete, FERMCO may retain from previously withheld funds and future progress payments that amount FERMCO considers adequate for protection of the Government and shall release to the Seller all the remaining withheld funds. Also, on completion and acceptance of each separate building, public work, or other division of the contract, for which the price is stated separately in the contract, payment shall be made for the completed work without retention of a percentage.

(f) All material and work covered by progress payments made shall, at the time of payment, become the sole property of the Government, but this shall not be construed as --

(1) Relieving the Seller from the sole responsibility for all material and work upon which payments have been made or the restoration of any damaged work; or

(2) Waiving the right of FERMCO to require the fulfillment of all of the terms of the contract.

(g) In making these progress payments, FERMCO shall, upon request, reimburse the Seller for the amount of premiums paid for performance and payment bonds (including coinsurance and reinsurance agreements, when applicable) after the Seller has furnished evidence of full payment to the surety. The retainage provisions in paragraph (e) of this clause shall not apply to that portion of progress payments attributable to bond premiums.

(h) FERMCO shall pay the amount due the Seller under this contract after--

(1) Completion and acceptance of all work;

(2) Presentation of a properly executed voucher; and

(3) Presentation of release of all claims against FERMCO arising by virtue of this contract, other than claims, in stated amounts, that the Seller has specifically excepted from the operation of the release. A release may also be required of the assignee if the Seller's claim to amounts payable under this contract has been assigned under the Assignment of Claims Act of 1940 (31 U.S.C. 3727 and 41 U.S.C. 15).

(i) Notwithstanding any provision of this contract, progress payments shall not exceed 80 percent on work accomplished on undefinitized contract actions. A "contract action" is any action resulting in a contract, as defined in FAR Subpart 2.1, including contract modifications for additional supplies or services, but not including contract modifications that are within the scope and under the terms of the contract, such as contract modifications issued pursuant to the Changes clause, or funding and other administrative changes.

A.16 DISPUTES

(a) All disputes arising under or relating to this contract shall be resolved under this clause.

(b) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Seller seeking the payment of money exceeding \$50,000 is not a claim under this clause until certified as required by subparagraph (c)(2) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under this clause. The submission may be converted to a claim under this clause, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(c) (1) A claim by the Seller shall be made in writing and submitted to FERMCO for a written decision. Seller's claim shall be subject to a written decision within 30 days of the occurrence of the event that gives rise to the claim by FERMCO.

(2) For Seller claims exceeding \$50,000, the Seller shall submit with the claim a certification that--

(i) The claim is made in good faith;

(ii) Supporting data are accurate and complete to the best of the Seller's knowledge and belief; and

(iii) The amount requested accurately reflects the contract adjustment for which the Seller believes FERMCO is liable.

(3) (i) If the Seller is an individual, the certification shall be executed by that individual.

(ii) If the Seller is not an individual, the certification shall be executed by--

(A) A senior company official in charge at the Seller's plant or location involved; or

(B) An officer or general partner of the Seller having overall responsibility for the conduct of the Seller's affairs.

(d) For Seller claims of \$50,000 or less, FERMCO must, if requested in writing by the Seller, render a decision within 60 days of the request. For Seller-certified claims over \$50,000, FERMCO must, within 90 days, decide the claim or notify the Seller of the date by which the decision will be made.

(e) FERMCO's decision shall be final unless the Seller files suit within one year of such decision.

(f) At the time a claim by the Seller is submitted to FERMCO or a claim by FERMCO is presented to the Seller, the parties, by mutual consent, may agree to use alternative means of dispute resolution. When using alternate dispute resolution procedures, any claim, regardless of amount, shall be accompanied by the certification described in paragraph (c)(2) of this clause.

(g) The Seller shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, or action arising under or relating to the contract, and comply with any decision of FERMCO. FERMCO shall not be liable for, and Seller hereby waives, any claim or potential claim of seller which was not reported by the Seller in accordance with the provisions of this clause.

A.17 SUBCONTRACTING

(a) Seller shall not subcontract any of the work without prior written approval of FERMCO. This provision shall not apply to purchases of standard commercial articles of raw materials on which Seller shall perform further work.

(b) Seller shall select subcontractors on a competitive basis to the maximum practicable extent consistent with the objectives and requirements of this contract.

A.18 FAR 52.246-12 INSPECTION OF CONSTRUCTION (JUL 1986)

(a) Definition. "Work" includes, but is not limited to, materials, workmanship, and manufacture and fabrication of components.

(b) The Seller shall maintain an adequate inspection system and perform such inspections as will ensure that the work performed under the contract conforms to contract requirements. The Seller shall maintain complete inspection records and make them available to FERMCO. All work shall be conducted under the general direction of FERMCO and is subject to FERMCO inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract.

(c) FERMCO inspections and tests are for the sole benefit of FERMCO and do not --

(1) Relieve the Seller of responsibility for providing

adequate quality control measures;

(2) Relieve the Seller of responsibility for damage to or loss of the material before acceptance;

(3) Constitute or imply acceptance; or

(4) Affect the continuing rights of FERMCO after acceptance of the completed work under paragraph (i) below.

(d) The presence or absence of a FERMCO inspector does not relieve the Seller from any contract requirement, nor is the inspector authorized to change any term or condition of the specification without FERMCO's written authorization.

(e) The Seller shall promptly furnish, without additional charge, all facilities, labor, and material reasonably needed for performing such safe and convenient inspections and tests as may be required by FERMCO. FERMCO may charge to the Seller any additional cost of inspection or test when work is not ready at the time specified by the Seller for inspection or test, or when prior rejection makes reinspection or retest necessary. FERMCO shall perform all inspections and tests in a manner that will not unnecessarily delay the work. Special, full size, and performance tests shall be performed as described in this contract.

(f) The Seller shall, without charge, replace or correct work found by FERMCO not to conform to contract requirements, unless in the public interest FERMCO consents to accept the work with an appropriate adjustment in contract price. The Seller shall promptly segregate and remove rejected material from the premises.

(g) If the Seller does not promptly replace or correct rejected work, FERMCO may (1) by another contract or otherwise, replace or correct the work and charge the cost to the Seller or (2) terminate for default the Seller's right to proceed.

(h) If, before acceptance of the entire work, FERMCO decides to examine already completed work by removing it or tearing it out, the Seller, on request, shall promptly furnish all necessary facilities, labor, and material. If the work is found to be defective or nonconforming in any material respect due to the fault of the Seller or its subcontractor, the Seller shall defray the expenses of the examination and of satisfactory reconstruction. However, if the work is found to meet contract requirements, FERMCO shall make an equitable adjustment for the additional services involved in the examination and reconstruction, including, if completion of the work was thereby delayed, an extension of time.

(i) Unless otherwise specified in the contract, FERMCO shall accept, as promptly as practicable after completion and inspection, all work required by the contract or that portion of the work FERMCO determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or FERMCO's rights under any warranty or guarantee.

A.19 FAR 52.245-4 GOVERNMENT-FURNISHED PROPERTY (APR 1984)

(a) FERMCO shall deliver to the Seller, at the time and locations stated in this contract, the Government-furnished property described in the schedule or specifications. If that property, suitable for its intended use, is not delivered to the Seller, FERMCO shall equitably adjust affected provisions of this contract in accordance with the Changes clause when:

(1) The Seller submits a timely written request for an equitable adjustment; and

(2) The facts warrant an equitable adjustment.

(b) Title to Government-furnished property shall remain in the Government. The Seller shall use the Government-furnished property only in connection with this contract. The Seller shall maintain adequate property control records in accordance with sound industrial practice and shall make such records available for Government inspection at all reasonable times, unless the clause at

Federal Acquisition Regulation 52.245-1, Property Records, is in substance included in this contract.

(c) Upon delivery of Government-furnished property to the Seller, the Seller assumes the risk and responsibility for its loss or damage, except:

(1) For reasonable wear and tear;

(2) To the extent property is consumed in performing this contract; or

(3) As otherwise provided for by the provisions of this contract.

(d) Upon completing this contract, the Seller shall follow the instructions of FERMCO regarding the disposition of all Government-furnished property not consumed in performing this contract or previously delivered to the Government. The Seller shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property, as may be directed or authorized by FERMCO. The net proceeds of any such disposal shall be credited to the contract price or shall be paid to the Government as directed by FERMCO.

(e) If this contract is to be performed outside the United States of America, its territories, or possessions, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.

A.20 APPROVAL

The approval by FERMCO of designs, work drawings, specifications, reports, or any other data submitted by Seller hereunder shall not affect or relieve Seller from any responsibility to furnish said items in full compliance with the requirements of this contract.

A.21 WORKMANSHIP AND MATERIALS (APR 1984)

(a) Unless otherwise directed by FERMCO in writing or expressly provided for by specifications issued under this contract, and without limiting any of Seller's other responsibilities hereunder:

(1) All workmanship shall be first class; and

(2) All supplies and components shall be:

(i) new and of the most suitable grade of their respective kinds for the purpose;

(ii) in accordance with any applicable drawings and specifications; and

(iii) installed to the satisfaction and with the approval of FERMCO.

Where equipment, materials, or articles are referred to in the Specification or Scope of Work as "equal to" any particular standard, FERMCO shall decide the question of equality.

(b) If FERMCO so requires, Seller shall submit for approval samples of , or test results on, any materials proposed to be incorporated in the Work before making any commitments for the purchase of such materials. Such approval shall not relieve Seller of its obligation hereunder.

A.22 FAR 52.236-3 SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK (APR 1984)

(a) The Seller acknowledges that it has taken steps reasonably necessary to ascertain the nature and location of the work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the work or its

cost, including but not limited to (1) conditions bearing upon transportation, disposal, handling, and storage of materials; (2) the availability of labor, water, electric power, and roads; (3) uncertainties of weather, river stages, tides, or similar physical conditions at the site; (4) the conformation and conditions of the ground; and (5) the character of equipment and facilities needed preliminary to and during work performance. The Seller also acknowledges that it has satisfied itself as to the character, quality, and quantity of surface and subsurface materials or obstacles to be encountered insofar as this information is reasonably ascertainable from an inspection of the site, including all exploratory work done by FERMCO, as well as from the drawings and specifications made a part of this contract. Any failure of the Seller to take the actions described and acknowledged in this paragraph will not relieve the Seller from responsibility for estimating properly the difficulty and cost of successfully performing the work, or for proceeding to successfully perform the work without additional expense to FERMCO.

(b) FERMCO assumes no responsibility for any conclusions or interpretations made by the Seller based on the information made available by FERMCO. Nor does FERMCO assume responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of its officers or agents before the execution of this contract, unless that understanding or representation is expressly stated in this contract.

A.23 DEFAULT (FIXED-PRICE CONSTRUCTION) (JUN 1994)

(a) If the Seller refuses or fails to prosecute the work or any separable part, with the diligence that will insure its completion within the time specified in this contract including any extension, or fails to complete the work within this time, FERMCO may, by written notice to the Seller, terminate the right to proceed with the work (or the separable part of the work) that has been delayed. In this event, FERMCO may take over the work and complete it by contract or otherwise, and may take possession of and use any materials, appliances, and plant on the work site necessary for completing the work. The Seller and its sureties shall be liable for any damage to FERMCO resulting from the Seller's refusal or failure to complete the work within the specified time, whether or not the Seller's right to proceed with the work is terminated. This liability includes any increased costs incurred by FERMCO in completing the work.

(b) In addition to the conditions leading to default stated in (a) of this clause, FERMCO may, by written notice to Seller, terminate the right to proceed with the work (or any separable part of the work) in the event the Seller:

(1) Fails to make timely payments to lower tier subcontractors and suppliers for material and/or labor in violation of the certification submitted under the clause entitled, Payments Under Fixed-Price Construction Contracts.

(2) Fails to provide, enforce or follow the required Environment, Safety and Health (ES&H) program as demonstrated by the following:

(a) Receipt of two or more stop work orders issued under the clause entitled, Environment, Safety, and Health.

(b) A willful violation of OSHA, FERMCO ES&H, or FERMCO Site Radiological Control requirements.

(c) The procedures in FAR Part 49, Termination of Contracts, shall apply to any subcontract termination for default.

(d) The Seller's right to proceed shall not be terminated nor the Seller charged with damages under this clause, if --

(1) The delay in completing the work arises from unforeseeable causes beyond the control and without the fault or negligence of the Seller. Examples of such causes include (i) acts of God or of the public enemy, (ii) acts of the Government in either its sovereign or contractual capacity, (iii) acts of another Seller in the performance of a contract with FERMCO, (iv) fires, (v) floods, (vi) epidemics, (vii) quarantine restrictions, (viii) strikes, (ix) freight embargoes, (x)

unusually severe weather, or (xi) delays of subcontractors or suppliers at any tier arising from unforeseeable causes beyond the control and without the fault or negligence of both the Seller and the subcontractors or suppliers; and

(2) The Seller, within 10 days from the beginning of any delay (unless extended by FERMCO), notifies FERMCO in writing of the causes of delay. FERMCO shall ascertain the facts and the extent of delay. If, in the judgment of FERMCO, the findings of fact warrant such action, the time for completing the work shall be extended. The findings of FERMCO shall be final and conclusive on the parties, in accordance with the Disputes clause of this contract.

(e) If, after termination of the Seller's right to proceed, it is determined that the Seller was not in default, or that the delay was excusable, the rights and obligations of the parties will be the same as if the termination had been issued for the convenience of FERMCO.

(f) The rights and remedies of FERMCO in this clause are in addition to any other rights and remedies provided by law or under this contract.

A.24 FAR 52.222-14 DISPUTES CONCERNING LABOR STANDARDS (FEB 1988)

The United States Department of Labor has set forth in 29 CFR Parts 5, 6, and 7 procedures for resolving disputes concerning labor standards requirements. Such disputes shall be resolved in accordance with those procedures and not the Disputes clause of this contract. Disputes within the meaning of this clause include disputes between the Seller (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

A.25 FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (JUN 1988)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, FERMCO will make their full text available.

A.26 DOE PR 9-9.102-2 AUTHORIZATION AND CONSENT (JUN 1979)

The Government hereby gives its authorization and consent for all use and manufacture of any invention described in and covered by a patent of the United States in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including all lower-tier subcontracts).

A.27 FAR 52.227-23 RIGHTS TO PROPOSAL DATA (TECHNICAL) (JUN 1987)

Except for data contained on pages _____, it is agreed that as a condition of award of this contract, and notwithstanding the conditions of any notice appearing thereon, the Government shall have unlimited rights in and to the technical data contained in the proposal dated _____, upon which this contract is based.

A.28 LOCAL 999.H08 CONFIDENTIALITY OF INFORMATION (APR 1984)

(a) To the extent that the work under this contract requires that the Seller be given access to confidential or proprietary business, technical, or financial information belonging to the Government, FERMCO or other companies, the Seller shall after receipt thereof, treat such information as confidential and agrees not to appropriate such information to its own use or to disclose such information to third parties unless specifically authorized by FERMCO in writing. The foregoing obligations, however, shall not apply to:

(1) Information which, at the time of receipt by the Seller, is in public domain;

(2) Information which is published after receipt thereof by the Seller or otherwise becomes part of the public domain through no fault of the

Seller;

(3) Information which the Seller can demonstrate was in its possession at the time of receipt thereof and was not acquired directly or indirectly from the Government, FERMCO or other companies;

(4) Information which the Seller can demonstrate was received by it from a third party who did not require the Seller to hold it in confidence.

(b) The Seller shall obtain the written agreement, in a form satisfactory to FERMCO, of each employee permitted access, whereby the employee agrees that he will not discuss, divulge or disclose any such information or data to any person or entity except those persons within the Seller's organization directly concerned with the performance of the contract.

(c) The Seller agrees, if requested by FERMCO, to sign an agreement identical, in all material respects, to the provisions of this clause, with each company supplying information to the Seller under this contract, and to supply a copy of such agreement to FERMCO. From time to time upon request of FERMCO, the Seller shall supply FERMCO with reports itemizing information received as confidential or proprietary and setting forth the company or companies from which the Seller received such information.

(d) The Seller agrees that upon request by FERMCO it will execute a FERMCO-approved agreement with any party whose facilities or proprietary data it is given access to or is furnished, restricting use and disclosure of the data or the information obtained from the facilities. Upon request by FERMCO, such an Agreement shall also be signed by Seller personnel.

(e) This clause shall flow down to all subcontracts.

A.29 QUALITY ASSURANCE PROGRAM (MAY 1993)

Seller and Subcontractors at any tier shall comply with FERMCO's Quality Assurance Program.

A.30 OWNERSHIP AND DISPOSITION OF RECORDS (APR 1991)

(a) FERMCO Records. All data or information furnished to the Seller and generated under this contract paid for by FERMCO shall be the property of FERMCO or the Government as appropriate, and shall be delivered to FERMCO or otherwise disposed by the Seller either as FERMCO may from time-to-time direct during the progress of the work, or in any event as FERMCO shall direct upon completion or termination of this contract and final audit of all accounts hereunder. FERMCO shall have the right to use all or any part of said data or information which is the property of FERMCO for any legal purpose.

(b) Disposition of Contract Records. Upon expiration, completion, or termination of this contract, the seller shall have the right to retain a copy of all applicable Seller generated records or the parties may agree on an alternative method to assure continued access by the Seller to such records.

(c) Prohibition Against Dissemination of Certain Unclassified Information or Technical Data. Notwithstanding any other authority or provision in this contract regarding protection or withholding of information, the Seller shall comply with Section 148 of the Atomic Energy Act of 1954, 42 USC 2167 "Prohibition Against Dissemination of Certain Unclassified Information" in accordance with such regulations or orders as the Secretary of Energy has prescribed or may prescribe. No technical data (as defined in DEAR 952.224-78 Rights in Technical Data-Facility) or information made available to the Seller by FERMCO or the Department of Energy, or technical data or information first produced in the performance of this contract or any subcontract, but thereunder, shall be disseminated, unless FERMCO certifies in writing that the technical data may be disseminated.

(d) The Seller shall include appropriate provisions in subcontracts to implement this requirement.

A.31 PATENT AND DATA FUNCTIONS (MAY 1991)

(a) All subcontracts including consultant subcontracts which call for technology development activities or remediation shall be subject to prior FERMCO approval.

(b) Both Seller and subcontractor(s) shall be responsible for recording or having recorded all technology development activities and environmental remediation activities performed under this contract or its subcontracts involving technology development activities or environmental remediation activities for use in meeting technical reporting requirements as may be required by FERMCO.

(c) The Seller for itself and its subcontractors shall be responsible to ensure that all requirements of the Intellectual Property clauses reflected herein and DOE PR 9-9.102-2, DOE PR 9-9.104, DOE PR 9-9.110(c) and FAR 52.227-23 clauses include the responsibility for obtaining all rights in patented and unpatented technology including copyrights to effect environmental remediation, decontamination or decommissioning activities as may be required by FERMCO for use at the Fernald Environmental Management Project site or at other sites owned or controlled by the Government.

(d) The representation and certification required in FAR 52.227-15 shall be provided by the Seller from each subcontractor on the anniversary of each subcontract in addition to the representation and certification provided prior to execution of such subcontracts.

(e) All of the Intellectual Property clauses herein and DOE PR 9-9.102-2, DOE PR 9-9.104, DOE PR 9-9.110(c) and FAR 52.227-23 clauses flow down to all subcontracts, unless otherwise approved by FERMCO.

A.32 INDEMNITY

(a) Seller agrees to defend, indemnify and hold harmless Fluor Daniel, FERMCO and the Government, their parent, affiliated and subsidiary companies, including the employees, agents, representatives, officers and directors of each of them, from and against:

(1) Any claim, demand, cause of action, liability, loss or expense arising from Seller's actual or asserted failure to comply with any of the provisions of this contract;

(2) Any claim, demand, cause of action, liability, loss or expense arising from Seller's actual or asserted failure to comply with any law, ordinance, regulation, rule or order of any governmental or quasigovernmental body (including, but not limited to, the actual or asserted failure to pay taxes) including such failures by Seller, its subcontractors or suppliers; and

(3) Any claim, demand, cause of action, liability, loss or expense relating to actual or alleged contamination, pollution, or public or private nuisance, arising directly or indirectly out of the goods or services provided under this contract, including the acts or omissions of Seller, its subcontractors or suppliers.

(b) (1) If this contract is one for the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road, appurtenance, or appliance, including moving, demolition and excavating connected therewith, then:

(i) Seller agrees to indemnify and hold harmless Fluor Daniel, FERMCO and the Government, their parent, affiliated and subsidiary companies, including the employees, agents, representatives, officers and directors of each of them, from and against any claim, demand, cause of action, liability, loss or expense arising from personal injury (including death) or property damage, to the extent that such personal injury or property damage is caused by the negligence of Seller, its subcontractors or suppliers; and

(ii) Seller agrees to provide for the complete and unconditional defense of Fluor Daniel, FERMCO and the Government, and any

other parties indemnified under section (b)(1)(i), above, at Seller's expense, regardless of the proportionate fault of the party to be indemnified, except where such personal injury or property damage was caused without any fault or negligence on the part of Seller, its subcontractors or suppliers.

(2) For contracts not included in section (b)(1), above, Seller agrees to defend, indemnify and hold harmless Fluor Daniel, FERMCO and the Government, their parent, affiliated and subsidiary companies, including the employees, agents, representatives, officers and directors of each of them, from and against all claims, demands, causes of action, liability, loss or expense arising from personal injury (including death) or property damage arising directly or indirectly out of the goods or services provided under this contract. The defense and indemnity obligations of Seller under this section (b)(2) extend to personal injury or property damage caused by Seller's subcontractors or suppliers, and include claims, demands, causes of action, liability, loss or expense arising under non-delegable duties of Fluor Daniel, FERMCO or the Government or arising from Seller's use of equipment, tools or facilities of Fluor Daniel, FERMCO, or the Government. The defense and indemnity obligations of Seller under this clause (b)(2) apply in full regardless of any concurrent negligence or fault, whether active or passive, of any party to be indemnified, unless such personal injury or property damage arises solely from the negligence, fault or willful misconduct of the party to be indemnified.

(c) Seller agrees that its indemnity obligations include the duty to reimburse attorneys' fees and expenses incurred by Fluor Daniel, FERMCO or the Government for legal action to enforce Seller's indemnity obligations under this clause.

A.33 REFERENCES TO FAR AND DEAR (APR 1991)

The references in this contract to FAR and DEAR sections shall apply notwithstanding any general language or limitations on applicability contained in the referenced sections.

A.34 DEAR 952.209-72 ORGANIZATIONAL CONFLICTS OF INTEREST-SPECIAL CLAUSE (NOV 1987)

(a) Purpose. The primary purpose of this clause is to aid in ensuring that the Seller (1) is not biased because of its past, present, or currently planned interests (financial, contractual, organizational, or otherwise) which relate to the work under this contract, and (2) does not obtain any unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) Scope. The restrictions described herein shall apply to performance or participation by the Seller and any of its affiliates or their successors in interest (hereinafter collectively referred to as "Seller") in the activities covered by this clause as a Seller, subcontractor, cosponsor, joint venturer, consultant, or in any similar capacity.

(1) Technical consulting and management support services.

(i) The Seller shall be ineligible to participate in any capacity in FERMCO/Government contracts, subcontracts, or proposals therefor (solicited or unsolicited) which stem directly from the Seller's performance of work under this contract. Furthermore, unless so directed in writing by FERMCO, the Seller shall not perform any technical consulting or management support services work under this contract on any of its products or services or the products or services of another firm if the Seller is or has been substantially involved in their development or marketing. Nothing in this subparagraph shall preclude the Seller from competing for follow-on contracts for technical consulting and management support services.

(ii) If the Seller under this contract prepares a complete or essentially complete statement of work or specifications to be used in competitive procurement, the Seller shall be ineligible to perform or participate in any capacity in any contractual effort which is based on such statement of work or specifications. The Seller shall not incorporate its products or services in such statement of work or specifications unless so directed in writing by FERMCO, in

which case the restriction in this subparagraph shall not apply.

(iii) Nothing in this paragraph shall preclude the Seller from offering or selling its standard commercial items to FERMCO.

(2) Access to and use of information.

(i) If the Seller, in the performance of this contract, obtains access to information, such as FERMCO or DOE plans, policies, reports, studies, financial plans, internal data protected by the Privacy Act of 1974 (Pub. L. 93-579), or data which has not been released or otherwise made available to the public, the Seller agrees that without prior written approval of FERMCO it shall not: (a) use such information for any private purpose unless the information has been released or otherwise made available to the public; (b) compete for work for FERMCO based on such information for a period of six (6) months after either the completion of this contract or until such information is released or otherwise made available to the public, whichever is first; (c) submit an unsolicited proposal to FERMCO which is based on such information until one year after such information is released or otherwise made available to the public; and (d) release such information unless such information has previously been released or otherwise made available to the public by FERMCO.

(ii) In addition, the Seller agrees that to the extent it receives or is given access to proprietary data, data protected by the Privacy Act of 1974 (Pub. L. 93-579), or other confidential or privileged technical, business, or financial information under this contract, it shall treat such information in accordance with any restrictions imposed on such information.

(iii) The Seller shall have, subject to patent, data, and security clauses of this contract, the right to use technical data it first produces under this contract for its private purpose consistent with the Rights in Data provisions of this contract.

(c) Disclosure after award. (1) The Seller agrees that if after award it discovers an organizational conflict of interest with respect to this contract, an immediate and full disclosure shall be made in writing to FERMCO which shall include a description of the action which the Seller has taken or proposes to take to avoid or mitigate such conflicts. FERMCO may, however, terminate the contract for convenience if it deems such termination to be in the best interests of the Government.

(2) In the event that the Seller was aware of an organizational conflict of interest prior to the award of this contract and did not disclose the conflict to FERMCO, FERMCO may terminate the contract for default.

(d) Subcontracts.

(1) The Seller shall include this clause, including this paragraph, in subcontracts of any tier which involve performance or work of the type specified in (b)(1) above or access to information of the type covered in (b) (2) above. The terms "contract", Seller and "FERMCO" shall be appropriately modified to preserve FERMCO's rights.

(2) If a subcontract is to be issued for evaluation services or activities, technical consulting or management support services work as defined at DEAR 909.570(c) and (d), the Seller shall obtain for FERMCO a disclosure statement or representation, in accordance with DOE regulations in effect at the time, from each intended subcontractor or consultant. The Seller shall not enter into any subcontract nor engage any consultant unless FERMCO shall have first notified the Seller that there is little or no likelihood that an organizational conflict of interest exists or that despite the existence of a conflict of interest the award is in the best interest of FERMCO and the Government.

(e) Remedies. For breach of any of the above restrictions or for nondisclosure or misrepresentation of any relevant facts required to be disclosed concerning this contract, FERMCO may terminate the contract for default, disqualify the Seller for subsequent related contractual efforts and pursue such other remedies as may be permitted by law or this contract.

(f) Waiver. Requests for waiver under this clause shall be directed in writing to FERMCO and shall include a full description of the requested waiver and the reasons in support thereof. If it is determined to be in the best interests of FERMCO and the Government, FERMCO shall grant such a waiver in writing.

(g) Modifications. Prior to a contract modification when the statement of work is modified to add new work, the period of performance is significantly increased, or the parties to the contract are changed, FERMCO will request and the Seller is required to submit either an organizational conflict of interest disclosure or representation (see DEAR 909.5) or an update of the previously submitted disclosure or representation.

A.35 ORGANIZATIONAL CONFLICTS OF INTEREST - SELLER AND SUBCONTRACTORS (APR 1991)

The Seller will not be permitted to subcontract any portion of the work to its subsidiaries, affiliates or otherwise related companies through common ownership or control, without FERMCO's approval.

The Seller and its subcontractors will not be permitted to perform more than one of the following categories: remedial investigation/feasibility studies; remedial design; or remedial action work. The Seller shall include appropriate flow-down provisions in its subcontracts to implement this clause.

The Seller and its subcontractors shall exert best efforts to acquire for FERMCO on the best terms available but shall be free (but shall not be obligated) to furnish items of such materials, supplies, equipment, and facilities of its own manufacture (or of the manufacture of its subsidiary corporations), provided it obtains FERMCO's concurrence in advance.

A.36 ORGANIZATIONAL CONFLICTS OF INTEREST - LABORATORY UTILIZATION PLAN (JUN 1992)

(a) The purpose of this clause is to ensure that the Seller: (1) is not biased because of its past, present, or currently planned interests (financial, contractual, organizational, or otherwise) which relate to the provision of analytical services by laboratories to support the work under this contract, and (2) does not obtain any unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) This clause supplements the organizational conflicts of interest restrictions contained in the clauses entitled "Organizational Conflicts of Interest - Special Clause" and Organizational Conflicts of Interest - Seller and Subcontractors" and does not supersede any restrictions or requirements contained in those clauses.

(c) Plan for Laboratory Analytical Support Services.

(i) Upon assuming responsibility under the contract and prior to using the analytical services of any laboratories owned by or affiliated with the Seller, the Seller shall submit a Laboratory Utilization Plan to FERMCO that projects the use of analytical services by all laboratories for the work under this contract, including any Seller-affiliated laboratories. This plan shall be updated annually.

(ii) The Laboratory Utilization Plan shall describe type and amount of analytical services required to support the work each year and include projections for the use of any Seller-affiliated laboratories, including the type of analytical services, the costs of those services, and the availability of (or capacity) of qualified laboratories providing similar services that are not affiliated with the Seller.

(iv) The Seller must obtain approval from FERMCO under the clauses entitled "Organizational Conflicts of Interest-Special Clause" and Organizational Conflicts of Interest - Seller and Subcontractors" and before using Seller-affiliated laboratories for analytical services to support work under the contract.

A.37 ENVIRONMENT, SAFETY AND HEALTH (FERMCO/GOVERNMENT-OWNED OR LEASED) (NOV 1991)

(a) The Seller shall ensure that performance of the work under this contract is conducted: (1) in a manner that is protective of the environment, safety and health (ES&H) of DOE and FERMCO employees and the public, and (2) in compliance with all applicable environmental, safety and health requirements (including applicable permitting and reporting requirements) including federal, state, and local laws and regulations, DOE and FERMCO requirements, including without limitation, the applicable ES&H Plan. If the Seller fails to comply with said regulations or requirements, FERMCO may, without prejudice to any other legal or contractual rights of FERMCO, issue an order stopping all or any part of the work; thereafter, a start order for resumption of the work may be issued at the discretion of FERMCO. The Seller shall make no claim for an extension of time or for compensation or damages by reason of, or in connection with, such work stoppage, except as may be provided elsewhere. FERMCO shall notify the Seller, in writing, of any noncompliance (found by FERMCO or designated representatives) with the provisions of the clause and the corrective action to be taken. After receipt of such notice, the Seller shall immediately take corrective action and notify FERMCO in writing of the corrective action plan and time frames for completion.

(b) The Seller shall submit, if required by FERMCO, within 30 days after the date of award of this contract, an environmental, safety and health program management and implementation plan for review and approval. The plan shall describe the management systems to be employed to ensure that environmental, safety and health requirements are appropriately considered in all phases of contract activities. The plan shall also include provisions for an internal environmental, safety and health performance evaluation and corrective action system to provide management with a continuing assessment of the adequacy and implementation of the environmental, safety and health programs and assurance that deficiencies are corrected. The results of such evaluations shall be made available to FERMCO.

(c) The Seller shall include in all of its subcontracts, involving performance of work at the site, the provisions requiring subcontractors to comply with FERMCO'S environmental, safety and health requirements and all other requirements of this clause. However, such provisions in the subcontracts shall not relieve the Seller of its obligations to assure compliance with the provisions of this clause for all aspects of the work.

(d) The Seller, if required by FERMCO, shall submit for approval to FERMCO, its policies, procedures and provisions for including appropriate environment, safety and health requirements, including reporting requirements, in subcontracts, with respect to work to be performed at a FERMCO or DOE -owned or -leased facility. These ES&H requirements shall be in accordance with applicable DOE/FERMCO regulations, directives, and other FERMCO or DOE requirements. The subcontract provisions shall provide that no claim shall be made for adjustment in the subcontract amount or the performance schedule, or for damages, by reason of a stop work order issued for failure to comply with ES&H regulations or requirements of FERMCO or the DOE.

A.38 ENVIRONMENTAL PROTECTION (NOV 1991)

In addition to complying with the requirements set forth in the "Environment, Safety and Health" and "Clean Air and Water" clauses, in the performance of this contract, the Seller and its subcontractors at any tier-

(a) Shall comply, as applicable, with the following:

(1) The Atomic Energy Act of 1954, as amended (42 U.S.C. 2011, et seq.);

(2) The Department of Energy Organization Act (42 U.S.C. 7101, et seq.);

(3) The Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. 6901, et seq.);

(4) The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. 9601, et seq.);

(5) The Safe Drinking Water Act, as amended (42 U.S.C. 300, et seq.);

(6) The Toxic Substances Control Act, as amended (15 U.S.C. 2601, et seq.);

(7) The Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. 136, et seq.);

(8) The Marine Protection, Research, and Sanctuaries Act of 1972, as amended (33 U.S.C. 1401, et seq.);

(9) The Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1451, et seq.);

(10) The Coastal Barrier Resource Act of 1982 (16 U.S.C. 3501, et seq.);

(11) The Nuclear Waste Policy Act of 1982, as amended (42 U.S.C. 10101, et seq.);

(12) The Low-Level Radioactive Waste Policy Act, as amended (42 U.S.C. 2021, et seq.);

(13) The Uranium Mill Tailings Radiation Control Act of 1979, as amended (42 U.S.C. 7901, et seq.);

(14) Title 40 of the Code of Federal Regulations, part 61, subpart H (National Emission Standard for Radionuclide Emissions from Department of Energy Facilities) chapter I, subchapter F (Radiation Protection Programs), and parts 247 through 253 (Solid Wastes, Guidelines for procurement of certain products that contain recycled/recovered materials);

(15) Code of Federal Regulations, title 10 (Energy), parts involving environmental protection and related requirements for Sellers/subcontractors;

(16) DOE directives (i.e., Orders and Notices) numbered in the series between 5000.2 and 5000.4 (Unusual Occurrence Reporting), in the series between 5400 and 5500 (Environmental Quality and Impact), and between 5820.1 and 5820.3 (Radioactive Waste Management), and involving requirements for Sellers/subcontractors; and

(17) Other, Federal and non-Federal, environmental protection laws, codes, ordinances, regulations, and requirements in directives, as identified in writing by FERMCO. Failure to list a law above, or to identify a requirements having the force and effect of law, shall not be construed as waiving a requirement for the Seller or subcontractor to comply with such law or requirement.

(b) shall assist FERMCO and the Department of Energy (DOE) in complying, as applicable, with the following:

(1) The National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321, et seq.);

(2) The Endangered Species Act of 1973, as amended (16 U.S.C. 1531, et seq.);

(3) The Fish and Wildlife Coordination Act, as amended (16 U.S.C. 661, et seq.);

(4) The Noise Control Act of 1972, as amended (42 U.S.C. 4901, et seq.);

(5) The National Historic Preservation Act of 1968, as amended (16 U.S.C. 470, et seq.);

(6) The Wild and Scenic Rivers Act, as amended (16 U.S.C. 1273, et seq.);

(7) Farmland Protection Policy Act of 1981 (7 U.S.C. 4201, et seq.);

(8) Executive Order 11988, of May 24, 1977, Protection of Wetlands;

(9) Executive Order 11990, of May 24, 1977, Protection of Wetlands;

(10) Executive Order 12088 of October 13, 1978, Federal Compliance with Pollution Control Standards;

(11) Executive Order 12580 of January 23, 1987, Superfund Implementation;

(12) Office of Management and Budget (OMB) Circular No. A-106 of December 31, 1974, Reporting Requirements in Connection with the Prevention, Control, and Abatement of Environmental Pollution of Existing Federal Facilities; and

(13) Other, Federal and non-Federal, environmental protection laws, codes, ordinances, regulations, and directives, as identified in writing by FERMCO.

(c) shall with regard to the environmental protection laws, codes, ordinances, regulations and directives described in the clauses entitled, "Environment, Safety and Health" and "Clean Air and Water," or included in or covered by paragraphs (a) and (b) of this section:

(1) Research these laws, codes, ordinances, regulations and directives on an ongoing basis and, for changes therein, adjust contract performance, as necessary, to assure continuing compliance;

(2) Identify, and inform FERMCO in writing, of any inconsistencies among these laws, codes, ordinances, regulations, and directives which would affect or preclude the Seller's/subcontractor's ability to perform; and

(3) Include consideration of these laws, codes, ordinances, regulations, and directives in all planning activities performed under this contract; and

(d) Shall set forth appropriate environmental protection requirements in subcontracts with respect to work to be performed at FERMCO or DOE -owned or -leased facility.

A.39 PERMITS AND LICENSES (MAY 1993)

(a) Except as notified in writing by FERMCO, the Seller shall obtain, without additional expense to FERMCO, any necessary permits and licenses, and for complying with required laws, codes, ordinances, and regulations of the United States, a state or territory, municipality or other political subdivision, and which are applicable to the performance of work under this contract. This includes, but is not necessarily limited to, identifying if such permits and licenses are required, compiling the information and data required for applications to obtain permits and licenses, filing any application required to obtain permits and licenses, and providing any additional information or data required.

(b) When notified by FERMCO that FERMCO or the DOE will obtain certain permits or licenses, the Seller shall provide all reasonable assistance requested, including providing information or data, that is required for obtaining such permits or licenses.

(c) The Seller shall comply with all laws, codes, ordinances, and regulations of the United States, a state or territory, and a municipality or other political subdivision, and that are applicable to the performance of work under this contract.

(d) Seller shall not, under any circumstances apply to or enter into negotiations with any governmental authority or agency for acceptance of variations from or revisions to safety or health, or air, water or noise pollution laws or regulations relating to this contract or to the performance thereof, without FERMCO's prior written approval.

A.40 DEAR 952.223-75 PRESERVATION OF INDIVIDUAL OCCUPATIONAL RADIATION EXPOSURE RECORDS (DEVIATION) (APR 1984)

Individual occupational radiation exposure records generated in the performance of work under this contract shall be subject to inspection by FERMCO and the Government and shall be preserved by the Seller until disposal is authorized by FERMCO or at the option of the Seller delivered to FERMCO upon completion or termination of the contract. The Seller shall include appropriate provisions in subcontracts to implement this requirement.

A.41 DEAR 952.250-70 NUCLEAR HAZARDS INDEMNITY AGREEMENT (JAN 1992)

(a) Authority. This clause is incorporated into this contract pursuant to the authority contained in subsection 170d. of the Atomic Energy Act of 1954, as amended (hereinafter called the Act.)

(b) Definitions. The definitions set out in the Act shall apply to this clause.

(c) Financial protection. Except as hereafter permitted or required in writing by FERMCO, the Seller will not be required to provide or maintain, and will not provide or maintain at FERMCO'S expense, any form of financial protection to cover public liability, as described in paragraph (d)(2) below. FERMCO may, however, at any time require in writing that the Seller provide and maintain financial protection of such a type and in such amount as FERMCO shall determine to be appropriate to cover such public liability, provided that the costs of such financial protection are reimbursed to the Seller by FERMCO.

(d) (1) Indemnification. To the extent that Seller and other persons indemnified are not compensated by any financial protection permitted or required by FERMCO, FERMCO will indemnify the Seller to the extent that FERMCO is indemnified by the Government, and other persons indemnified against (i) claims for public liability as described in subparagraph (d)(2) of this clause; and (ii) such legal costs of the Seller and other persons indemnified as are approved by FERMCO, not to exceed the amount set forth in section 170e.(1)(B) of the Act in aggregate for each nuclear incident or precautionary evacuation occurring within the United States or \$100 million in the aggregate for each nuclear incident occurring outside the United States, irrespective of the number of persons indemnified in connection with this contract.

(2) The public liability referred to in subparagraph (d)(1) of this clause is public liability as defined in the Act which (i) arises out of or in connection with the activities under this contract, including transportation; and (ii) arises out of or results from a nuclear incident or precautionary evacuation, as those terms are defined in the Act.

(e) (1) Waiver of Defenses. In the event of a nuclear incident, as defined in the Act, arising out of nuclear waste activities, as defined in the Act, the Seller, on behalf of itself and other persons indemnified, agrees to waive any issue or defense as to charitable or governmental immunity.

(2) In the event of an extraordinary-nuclear occurrence which:

(i) Arises out of, results from, or occurs in the

course of the construction, possession, or operation of a production or utilization facility; or

(ii) Arises out of, results from, or occurs in the course of the transportation of source material, by-product material, or special nuclear material to or from a production or utilization facility; or

(iii) Arises out of or results from the possession operation or use by the Seller or a subcontractor of a device utilizing special nuclear material or by-product material, during the course of the contract activity; or

(iv) Arises out of, results from, or occurs in the course of nuclear waste activities, the Seller, on behalf of itself and other persons indemnified, agrees to waive:

(A) Any issue or defense as to the conduct of the claimant (including the conduct of persons through whom the claimant derives its cause of action) or fault of persons indemnified, including, but not limited to:

1. Negligence;
2. Contributory negligence;
3. Assumption of risk; or
4. Unforeseeable intervening causes, whether involving the conduct of

a third person or an act of God;

(B) Any issue or defense as to charitable or governmental immunity; and

(C) Any issue or defense based on any statute of limitations, if suit is instituted within 3 years from the date on which the claimant first knew, or reasonably could have known of his injury or change and the cause thereof. The waiver of any such issue or defense shall be effective regardless of whether such issue of defense may otherwise be deemed jurisdictional or relating to an element in the cause of action. The waiver shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified.

(v) The term extraordinary nuclear occurrence means an event which FERMCO/DOE has determined to be an extraordinary nuclear occurrence as defined in the Act. A determination of whether or not there has been an extraordinary nuclear occurrence will be made in accordance with the procedures in 10 CFR part 840.

(vi) For the purposes of that determination, "offsite" as that term is used in 10 CFR part 840 means away from "the contract location" which phrase means any DOE or FERMCO facility, installation, or site at which contractual activity under this contract is being carried on, and any Seller-owned or controlled facility, installation, or site at which the Seller is engaged in the performance of contractual activity under this contract.

(3) The waivers set forth above:

(i) Shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action;

(ii) Shall be judicially enforceable in accordance with its terms by the claimant against the person indemnified;

(iii) Shall not preclude a defense based upon a failure to take reasonable steps to mitigate damages:

(iv) Shall not apply to injury or damage to a claimant or to a claimant's property which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;

(v) Shall not apply to injury, to a claimant who is employed at the site of and in connection with the activity where the extraordinary nuclear occurrence takes place, if benefits therefor are either payable or required to be provided under any workmen's compensation or occupational disease law:

(vi) Shall not apply to any claim resulting from a nuclear incident occurring outside the United States;

(vii) Shall be effective only with respect to those obligations set forth in this clause and in insurance policies, contracts or other proof of financial protection; and

(viii) Shall not apply to, or prejudice the prosecution or defense of, any claim or portion of claim which is not within the protection afforded under (A) the limit of liability provisions under subsection 170e. of the Act, and (B) the terms of this agreement and the terms of insurance policies, contracts, or other proof of financial protection.

(f) Notification and Litigation of claims. The Seller shall give immediate written notice to FERMCO of any known action or claim filed or made against the Seller or other person indemnified for public liability as defined in paragraph (d)(2). Except as otherwise directed by FERMCO, the Seller shall furnish promptly to FERMCO copies of all pertinent papers received by the Seller or filed with respect to such actions or claims. FERMCO shall have the right to, and may collaborate with, the Seller and any other person indemnified in the settlement or defense of any action or claim and shall have the right to (1) require the prior approval of FERMCO for the payment of any claim that FERMCO may be required to indemnify hereunder; and (2) appear through the Attorney General on behalf of the Seller or other person indemnified in any action brought upon any claim that FERMCO may be required to indemnify hereunder, take charge of such action, and settle or defend any such action. If the settlement or defense of any such action or claim is undertaken by FERMCO, the Seller or other person indemnified shall furnish all reasonable assistance in effecting a settlement or asserting a defense.

(g) Continuity of FERMCO obligations. The obligations of FERMCO under this clause shall not be affected by any failure on the part of the Seller to fulfill its obligation under this contract and shall be unaffected by the death, disability, or termination of existence of the Seller, or by the completion, termination or expiration of this contract.

(h) Effect of other clauses. The provisions of this clause shall not be limited in any way by, and shall be interpreted without reference to, any other clause of this contract, including the clause entitled "Disputes," provided, however, that this clause shall be subject to the clauses entitled Covenant Against Contingent Fees, Officials Not to Benefit, and Examination of Records by the Comptroller General, and any provisions that are later added to this contract as required by applicable Federal law, including statutes, executive orders and regulations, to be included in Nuclear Hazards Indemnity Agreements.

(i) Civil penalties. The Seller and its subcontractors who are indemnified under the provisions of this clause are subject to civil penalties, pursuant to 234A of the Act, for violations of applicable FERMCO and DOE nuclear-safety related rules, regulations, or orders.

(j) Criminal penalties. Any individual director, officer, or employee of the Seller or of its subcontractors who are indemnified under the provisions of this clause are subject to criminal penalties, pursuant to 223(c) of the Act, for knowing and willful violation of the Atomic Energy Act of 1954, as amended, and applicable FERMCO and DOE nuclear safety-related rules, regulations or orders which violation results in, or, if undetected, would have resulted in a nuclear incident.

(k) Inclusion in subcontracts. The Seller shall insert this clause in any subcontract which may involve the risk of public liability, as that term is defined in the Act and further described in paragraph (d)(2) above. However, this clause shall not be included in subcontracts in which the subcontractor is subject to Nuclear Regulatory Commission (NRC) financial protection requirements under section 170b. of the Act or NRC agreements of indemnification under section 170c. or k.

of the Act for the activities under the subcontract.

(l) To the extent that the Seller is compensated by any financial protection, or is indemnified pursuant to this clause, or is effectively relieved of public liability by an order or orders limiting same, pursuant to 170e of the Act, the provisions of the clause providing general authority indemnity shall not apply.

A.42 FAR 52.243-4 CHANGES (AUG 1987)

(a) FERMCO, at any time, without notice to the sureties, if any, by written order designated or indicated to be a change order, make changes in the work within the general scope of the contract, including changes --

(1) In the specifications (including drawings and designs);

(2) In the method or manner of performance of the work;

(3) In the Government-furnished facilities, equipment, materials, services, or site; or

(4) Directing acceleration in the performance of the work.

(b) Any other written or oral order (which, as used in this paragraph (b), includes direction, instruction, interpretation, or determination) from FERMCO that causes a change shall be treated as a change order under this clause; provided, that the Seller gives FERMCO written notice stating (1) the date, circumstances, and source of the order and (2) that the Seller regards the order as a change order.

(c) Except as provided in this clause, no order, statement, or conduct of FERMCO shall be treated as a change under this clause or entitle the Seller to an equitable adjustment.

(d) If any change under this clause causes an increase or decrease in the Seller's cost of, or the time required for, the performance of any part of the work under this contract, whether or not changed by any such order, FERMCO shall make an equitable adjustment and modify the contract in writing. However, except for an adjustment based on defective specifications, no adjustment for any change under paragraph (b) of this clause shall be made for any costs incurred more than 20 days before the Seller gives written notice as required. In the case of defective specifications for which FERMCO is responsible, the equitable adjustment shall include any increased cost reasonably incurred by the Seller in attempting to comply with the defective specifications.

(e) The Seller must assert its right to an adjustment under this clause within 30 days after (1) receipt of a written change order under paragraph (a) of this clause or (2) the furnishing of a written notice under paragraph (b) of this clause, by submitting to FERMCO a written statement describing the general nature and amount of proposal, unless this period is extended by FERMCO. The statement of proposal for adjustment may be included in the notice under paragraph (b) above.

(f) No proposal by the Seller for an equitable adjustment shall be allowed if asserted after final payment under this contract.

A.43 DEAR 970.5204-12 SELLER'S ORGANIZATION (DEVIATION) (APR 1984)

(a) Organization chart. As promptly as possible after the execution of this contract, the Seller shall furnish to FERMCO if required by FERMCO, a chart showing the names, duties, and organization of key personnel to be employed in connection with the work, and shall furnish from time to time supplementary information reflecting changes therein.

(b) Supervisory representative of Seller. Unless otherwise directed by FERMCO, a competent full-time resident supervisory representative of the Seller satisfactory to FERMCO shall be in charge of the work at the site at all times. This also applies to off-site work.

(c) The Seller shall be responsible for maintaining satisfactory standards of employee competency, conduct, and integrity and shall be responsible for taking such disciplinary action with respect to its employees as may be necessary. The Seller shall establish such standards and procedures as are necessary to implement effectively the provisions set forth in 970.2272, and such standards and procedures shall be subject to the approval of FERMCO. If the Seller fails to remove any employee from the contract work whom FERMCO deems incompetent, careless, or insubordinate, or whose continued employment on the work is deemed by FERMCO to be contrary to the public interest, FERMCO reserves the right to require the Seller to remove the employee at no cost to FERMCO.

A.44 REQUIRED INSURANCE (MAY 1994)

(a) It is understood that as a part of its normal course of business, the Seller maintains the following kinds of insurance. The Seller shall not cancel or incorporate further restrictive language in any policy required by this clause without first providing thirty (30) days prior written notice to FERMCO. The Seller shall, prior to commencement of any work at Fernald Environmental Management Project (FEMP) under this contract, submit its Certificate of Insurance to FERMCO, showing coverage for the following types and amounts.

(1) Commercial General Liability. Bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence. The policy shall be endorsed to name Fluor Daniel, FERMCO and the Government as additional insureds.

(2) Automobile Liability. Comprehensive coverage shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the work under the contract. Coverage is required for automobiles of at least \$200,000 per person and \$500,000 per occurrence for bodily injury and \$200,000 per occurrence for property damage. The policy shall be endorsed to name Fluor Daniel, FERMCO, and the Government as additional insureds.

(b) Seller agrees to comply (and require its Subcontractors to comply) with all applicable laws, rules, and regulations with respect to Workers/Workmen's Compensation or occupational disease, or withholding and payment of Social Security and Federal Income Taxes. The Seller further agrees to indemnify Fluor Daniel, FERMCO and the Government against, and to save and hold harmless Fluor Daniel, FERMCO and the Government from any and all liability and expense with respect to claims against Fluor Daniel, FERMCO or the Government which may result from the failure or alleged failure of Seller or of any of its Subcontractors to comply therewith.

(c) Seller hereby waives subrogation against and releases Fluor Daniel, FERMCO, the Government, and their directors, officers, employees and representatives from all liability covered by Seller's insurance for losses or claims arising out of Seller's performance of this contract.

A.45 ASSIGNMENT (SEP 1993)

(a) Neither this contract nor any interest therein nor claim thereunder shall be assigned or transferred by the Seller except as expressly authorized in writing by FERMCO.

(b) FERMCO may assign this Contract, in whole or in part to DOE or to such party as DOE may designate to perform FERMCO's obligations hereunder. Upon receipt by Seller of written notice that the DOE or a party so designated by the DOE or FERMCO has accepted an assignment of this Contract. FERMCO shall be relieved of all responsibility hereunder and Seller shall thereafter look solely to such assignee for performance of FERMCO's obligations.

A.46 FAR 52.249-2 TERMINATION FOR CONVENIENCE OF FERMCO

(a) FERMCO may terminate performance of work under this contract in whole or, from time to time, in part if FERMCO determines that a termination is in FERMCO's interest. FERMCO shall terminate by delivering to the seller a

Notice of Termination specifying the extent of termination and the effective date.

(b) After receipt of a Notice of Termination, and except as directed by FERMCO, the seller shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause) for materials, services, or facilities, except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by FERMCO, all right, title, and interest of the Seller under the subcontracts terminated, in which case FERMCO shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by FERMCO, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts; the approval or ratification will be final for purposes of this clause.

(6) As directed by FERMCO, transfer title to the Government and deliver to FERMCO (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, and (ii) the completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to FERMCO.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that FERMCO may direct, for the protection and preservation of the property related to this contract that is in the possession of the Seller and in which the Government has or may acquire an interest.

by FERMCO, any property of the types referred to in subparagraph (6) above; provided, however, that the seller (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, FERMCO. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by FERMCO under this contract, credited to the price or cost of the work, or paid in any other manner directed by FERMCO.

(c) After expiration of the plant clearance period as defined in Subpart 45.6 of the Federal Acquisition Regulation, the seller may submit to FERMCO a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by FERMCO. The seller may request FERMCO to remove those items or enter into an agreement for their storage. Within 15 days, FERMCO will accept title to those items and remove them or enter into a storage agreement. FERMCO may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(d) After termination, the seller shall submit a final termination settlement proposal to FERMCO in the form and with the certification prescribed by FERMCO. The seller shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by FERMCO upon written request of the seller within this 1-year period. However, if FERMCO determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension. If seller fails to submit the proposal within the time allowed, FERMCO may determine, on the basis of information available, the amount, if any, due the seller because of the termination and shall pay the amount determined.

(e) Subject to paragraph (d) above, the seller and FERMCO may agree upon the whole or any part of the amount to be paid because of the termination. The amount may include a reasonable allowance for profit on work done. However, the agreed amount, whether under this paragraph (e) or paragraph (f) below, exclusive of costs shown in subparagraph (f)(3) below, may not exceed the total contract price as reduced by (1) the amount of payments previously made and (2) the contract price of work not terminated. The contract shall be amended, and the seller paid the agreed amount. Paragraph(f) below shall not limit, restrict, or affect the amount that may be agreed upon to be paid under this paragraph.

(f) If the Seller and FERMCO fail to agree on the whole amount to be paid the Seller because of the termination of work, FERMCO shall pay the Seller the amounts determined as follows, but without duplication of any amounts agreed upon under paragraph (e) above:

(1) For contract work performed before the effective date of termination, the total (without duplication of any items) of --

(i) The cost of this work;

(ii) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subdivision (i) above; and

(iii) A sum, as profit on (i) above, determined by FERMCO under 49.202 of the Federal Acquisition Regulation, in effect on the date of this contract, to be fair and reasonable; however, if it appears that the Seller would have sustained a loss on the entire contract had it been completed, FERMCO shall allow no profit under this subdivision (iii) and shall reduce the settlement to reflect the indicated rate of loss.

(2) The reasonable cost of settlement of the work terminated, including --

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory.

(g) Except for normal spoilage, and except to the extent that FERMCO expressly assumed the risk of loss, FERMCO shall exclude from the amounts payable to the seller under paragraph (f) above, the fair value, as determined by FERMCO, of property that is destroyed, lost, stolen, or damaged so as to become undeliverable to the Government or to a buyer.

(h) The cost principles and procedures of Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

(i) If FERMCO has made a determination of the amount due under paragraph (d), (f), or (k), FERMCO shall pay the seller (1) the amount determined by FERMCO.

(j) In arriving at the amount due FERMCO under this clause, there shall be deducted

(1) All unliquidated advance or other payments to FERMCO under the terminated portion of this contract;

(2) Any claim which FERMCO has against the seller under this contract; and

(3) The agreed price for, or the proceeds of sale of, materials,

supplies, or other things acquired by the seller or sold under the provisions of this clause and not recovered by or credited to the Government.

(k) If the termination is partial, the seller may file a proposal with FERMCO for an equitable adjustment of the price(s) of the continued portion of the contract. FERMCO shall make any equitable adjustment agreed upon. Any proposal by the seller for an equitable adjustment under this clause shall be requested within 90 days from the effective date of termination unless extended in writing by FERMCO.

(l) (1) FERMCO may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the seller for the terminated portion of the contract, if FERMCO believes the total of these payments will not exceed the amount to which the seller will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the seller shall repay the excess to FERMCO upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the seller to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the seller's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by FERMCO because of the circumstances.

(m) Unless otherwise provided in this contract or by statute, the seller shall maintain all records and documents relating to the terminated portion of this contract for 3 years after final settlement. This includes all books and other evidence bearing on the seller's costs and expenses under this contract. The seller shall make these records and documents available to FERMCO, at the seller's office, at all reasonable times, without any direct charge. If approved by FERMCO, photographs, microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

A.47 DOE PR 9-9.103-3 INTELLECTUAL PROPERTY INDEMNITY (JUN 1979)

(a) The Seller shall indemnify Fluor Daniel, FERMCO and the Government and their directors, officers, agents, and employees against liability, including costs, for infringement of U.S. Letters Patent (except U.S. Letters Patent issued upon an application which is now or may hereafter be kept secret or otherwise withheld from issue by order of FERMCO) resulting from the Seller's:

(1) furnishing or supplying standard parts or components which have been sold or offered for sale to public on the commercial open market; or

(2) utilizing its normal practices or methods which normally are or have been used in providing goods and services in the commercial open market, in the performance of the contract; or

(3) utilizing any parts, components, practices, or methods to the extent to which the Seller has secured indemnification from liability. The foregoing indemnity shall not apply unless the Seller shall have been informed as soon as practicable by FERMCO of the suit or action alleging such infringement, and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in the defense thereof; and further, such indemnity shall not apply to claimed infringement which is settled without the consent of the Seller, unless required by final decree of a court of competent jurisdiction or to an infringement resulting from addition to or change in such supplies or components furnished or construction work performed for which addition or change was made subsequent to delivery or performance by the Seller.

(b) The Seller shall indemnify and save and hold harmless Fluor Daniel, FERMCO, the Government, and their officers, agents, and employees acting within the scope of their official duties against any liability including costs and expenses for violation by the Seller of proprietary rights or copyrights arising out

of delivery or use of any data furnished or utilized by the Seller in the course of or under this contract.

A.48 DOE PR 9-9.106 CLASSIFIED INVENTIONS (JUN 1979)

(a) The Seller shall not file or cause to be filed on any invention or discovery conceived or first actually reduced to practice in the course of or under this contract, in any country other than the United States, an application or registration for a patent without first obtaining written approval of FERMCO.

(b) When filing a patent application in the United States on any invention or discovery conceived or first actually reduced to practice in the course of or under this contract, the subject matter of which is classified for reasons of security, the Seller shall observe all applicable security regulations covering the transmission of classified subject matter.

When transmitting the patent application to the United States Patent and Trademark Office, the Seller shall by separate letter identify by agency and number, the contract or contracts which require security classification markings to be placed on the application.

(c) The substance of this clause shall be included in subcontracts which cover or are likely to cover classified subject matter.

A.49 DEAR 952.227-75 RIGHTS IN TECHNICAL DATA-LONG FORM (ALTERNATES I AND II) (DEVIATION) (APR 1984)

(a) Definitions.

(1) "Technical data" means recorded information regardless of form or characteristics, of a scientific or technical nature. It may, for example, document research, experimental, developmental, or demonstration, or engineering work, or be usable or used to define a design or process, or to procure, produce, support, maintain, or operate material. This data may be graphic or pictorial delineations in media such as drawings or photographs, text in specifications or related performance or design type documents or computer software (including computer programs, computer software data bases, and computer software documentation). Examples of technical data include research and engineering data, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identification, and related information. Technical data as used herein do not include financial reports, cost analyses, and other information incidental to contract administration.

(2) "Proprietary data" means technical data which embody trade secrets developed at private expense, such as design procedures or techniques, chemical composition of materials, or manufacturing methods, processes, or treatments, including minor modifications thereof, provided that such data:

(i) Are not generally known or available from other sources without obligation concerning their confidentiality;

(ii) Have not been made available by the owner to others without obligation concerning its confidentiality; and

(iii) Are not already available to FERMCO without obligation concerning the confidentiality.

(3) "Contract data" means technical data first produced in the performance of the contract in technical data which are specified to be delivered under the contract; technical data that may be called for under the Additional Technical Data Requirements clause of the contract, if any, or technical data actually delivered in connection with the contract.

(4) "Unlimited rights" means rights to use, duplicate, or disclose technical data, in whole or in part, in any manner and for any purpose whatsoever, and to permit others to do so.

(b) Allocation of rights.

(1) The Government shall have:

(i) Unlimited rights in contract data except as otherwise provided below with respect to proprietary data;

(ii) The right to remove, cancel, correct or

ignore any marking not authorized by the terms of this contract on any technical data furnished hereunder, if in response to a written inquiry by FERMCO concerning the propriety of the markings, the Seller fails to respond thereto within 60 days or fails to substantiate the propriety of the markings. In either case, FERMCO will notify the Seller of the action taken;

(iii) No rights under this contract in any technical data which are not contract data.

(2) The Seller shall have:

(i) The right to withhold proprietary data in accordance with the provisions of this clause; and

(ii) The right to use for its private purposes, subject to patent, security or other provisions of this contract data it first produces in the performance of this contract, provided the data requirements of this contract have been met as of the date of the private use of such data. The Seller agrees that to the extent it receives or is given access to proprietary data or other technical, business or financial data in the form of recorded information from DOE or FERMCO, the Seller shall treat such data in accordance with any restrictive legend contained thereon, unless use is specifically authorized by prior written approval of FERMCO.

(3) Nothing contained in this Rights in Technical Data clause shall imply a license to the Government under any patent or be construed as affecting the scope of any licenses or other rights otherwise granted to the Government under any patent.

(c) Copyrighted material.

(1) The Seller shall not, without prior authorization of the Patent Counsel, establish a claim to statutory copyright in any contract data first produced in the performance of the contract. To the extent such authorization is granted, the Government reserves for itself and others acting on its behalf a royalty-free, nonexclusive, irrevocable, worldwide license for Governmental purposes to publish, distribute, translate, duplicate exhibit and perform any such data copyrighted by the Seller.

(2) The Seller agrees not to include in the technical data delivered under the contract any material copyrighted by the Seller and not to knowingly include any material copyrighted by others, without first granting or obtaining at no cost a license therein for the benefit of the Government of the same scope as set forth in paragraph (c)(1) above. If such royalty-free license is unavailable and the Seller nevertheless determines that such copyrighted material must be included in the technical data to be delivered, rather than merely incorporated therein by reference, the Seller shall obtain the written authorization of FERMCO to include such copyrighted material in the technical data prior to its delivery.

(d) Subcontracting. It is the responsibility of the Seller to obtain from its subcontractors technical data and rights therein, on behalf of the Government, necessary to fulfill the Seller's obligations to the Government with respect to such data. In the event of refusal by a subcontractor to accept a clause affording the Government such rights, the Seller shall:

(1) Promptly submit written notice to FERMCO setting forth reasons for the subcontractor refusal and other pertinent information which may expedite disposition of the matter; and

(2) Not proceed with subcontract without the written authorization of FERMCO.

(e) Withholding of proprietary data. Notwithstanding the inclusion of the Additional Technical Data Requirements clause in this contract or any provision of this contract specifying the delivery of technical data, the Seller may withhold proprietary data from delivery, provided that the Seller furnishes in lieu of any such proprietary data so withheld technical data disclosing the source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements ("Form, Fit and Function" data, e.g., specification control drawings, catalog sheets, envelope drawings, etc.), or a general description of such proprietary data where "Form, Fit and Function" data are not applicable. The Government shall acquire no rights to any proprietary data so withheld except that such data shall be subject to the "inspection rights" provisions of paragraph (f), and, if included, the "Limited rights in proprietary data" provisions of paragraph (g) and the "Seller licensing" provisions of paragraph (h).

(f) Inspection rights. Except as may be otherwise specified in this contract for specific items of proprietary data which are not subject to this paragraph, the Contracting Officer's representatives, at all reasonable times up to three years after final payment under this contract, may inspect at the Seller's facility any proprietary data withheld under paragraph (e) and not furnish under paragraph (g), if this contract includes such paragraph, for the purposes of verifying that such data properly fell within the withholding provision of paragraph (e), or for evaluating work performance.

(g) Limited rights in proprietary data. Except as may be otherwise specified in this contract as technical data which are not subject to this paragraph, the Seller shall, upon written request from FERMCO at any time prior to three years after final payment under this contract, promptly deliver to FERMCO or the Government any "proprietary data" withheld pursuant to paragraph (e) of the Rights in Technical Data clause of this contract. The following legend and no other is authorized to be affixed on any "proprietary data" delivered pursuant to this provision, provided the "proprietary data" meets the conditions for initial withholding under paragraph (e) of the Rights in Technical Data clause. FERMCO and the Government will thereafter treat the "proprietary data" in accordance with such legend.

Limited Rights Legend (Apr 1984)

This technical data contains "proprietary data" furnished under "Contract No. _____" with FERMCO which may be duplicated and used by FERMCO or the Government with the express limitations that the "proprietary data" may not be disclosed outside FERMCO or the Government or be used for purposes of manufacture without prior permission of the Seller, except that further disclosure or use may be made solely for the following purposes;

(a) This "proprietary data" may be disclosed for evaluation purposes under the restriction that the "proprietary data" be retained in confidence and not further disclosed;

(b) The "proprietary data" may be disclosed to other Sellers participating in FERMCO's program of which this contract is part, for information or use in connection with the work performed under their contracts and under the restriction that the "proprietary data" be retained in confidence and not be further disclosed; or

(c) This "proprietary data" may be used by FERMCO or others on its behalf for emergency repair or overhaul work under the restriction that the "proprietary data" be retained in confidence and not be further disclosed.

This legend shall be marked on any reproduction of this data in whole or in part.

(h) Seller licensing (Deviation). Except as may be otherwise specified in this contract as technical data not subject to this paragraph, the Seller agrees that upon written application by DOE or FERMCO, it will grant to the Government and responsible third parties, for purpose of practicing a subject of this contract, a

nonexclusive license in any contract data which are proprietary data, on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality.

A.50 DEAR 952.227-73 ADDITIONAL TECHNICAL DATA REQUIREMENTS (APR 1984)

(a) In addition to the technical data specified elsewhere in this contract to be delivered, FERMCO may at any time during the contract performance or within one year after final payment call for the Seller to deliver any technical data first produced or specifically used in the performance of this contract, except technical data pertaining to items of standard commercial design.

(b) The provisions of the Rights in Technical Data clause included in this contract are applicable to all technical data called for under this Additional Technical Data Requirements clause. Accordingly, nothing contained in this clause shall require the Seller to actually deliver any technical data, the delivery of which is executed by paragraph (e) of the Rights in Technical Data clause.

(c) When technical data are to be delivered under this clause, the Seller will be compensated for appropriate costs for converting such data into the prescribed form for reproduction, and for delivery.

A.51 DEAR 927.300(a) (41 CFR 9-9.107-6) PATENT RIGHTS-LONG-FORM (DEVIATION) (APR 1984)

(a) Definitions.

(1) "Subject invention" means any invention or discovery of the Seller conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine manufacture, design or composition of matter, or any new and useful improvement thereof or any variety of plants, whether patented or unpatented under the Patent Laws of the United States of America or any foreign country.

(2) "Contract" means any contract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment or substitution of parties.

(3) "States and domestic municipal Governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government Agency" includes an executive department, independent commission, board, office, agency, administration, authority, government corporation, or other government establishment of the Executive Branch of Government of the United States of America.

(5) "To the point of practical application" means to manufacture, in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(6) "Patent Counsel" means the Department of Energy Patent Counsel assisting the procuring activity.

(b) Allocation of principal rights.

(1) Assignment to the Government. (1) The Seller agrees to assign to the Government the entire right, title, and interest throughout the world in and to each subject invention, except to the extent that rights are retained by the Seller under paragraphs (b)(2) and (c) of this clause.

(2) Greater rights determinations. The Seller or the employee-inventor with authorization of the Seller may request greater rights than

the nonexclusive license and the foreign patent rights provided in paragraph (c) of this clause on identified inventions in accordance with 41 CFR 9-9.109-6(d). Such requests must be submitted to Patent Counsel (with notification by Seller to FERMCO) at the time of the first disclosure pursuant to paragraph (e)(2) of this clause, or not later than 9 months after conception or first actual reduction to practice, whichever occurs first, or such longer periods as may be authorized by Patent Counsel (with notification by Seller to FERMCO) for good cause shown in writing by the Seller.

(c) Minimum rights to the Seller.

(1) Seller license. The Seller reserves a revocable, nonexclusive, paid-up license in each patent application filed in any country on a subject invention and any resulting patent in which the Government acquires title. The license shall extend to the Seller's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Seller is a part and shall include the right to grant sublicenses of the same scope to the extent the Seller was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of DOE except when transferred to the successor of that part of the Seller's business to which the invention pertains.

(2) Revocation limitations. The Seller's nonexclusive license retained pursuant to paragraph (c)(1) of this clause and sublicenses granted thereunder may be revoked or modified by DOE, either in whole or in part, only to the extent necessary to achieve expeditious practical application of the subject invention under DOE's published licensing regulations (10 CFR 781), and only to the extent an exclusive license is actually granted. This license shall not be revoked in that field of use and/or the geographical areas in which the Seller, or its sublicensee, has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public, or is expected to do so within a reasonable time.

(3) Revocation procedures. Before modification or revocation of the license or sublicense, pursuant to paragraph (c)(2) of this clause, DOE shall furnish the Seller a written notice of its intention to modify or revoke the license and any sublicense thereunder, and the Seller shall be allowed 30 days, or such longer periods as may be authorized by the Patent Counsel (with notification by Seller to FERMCO) for good cause shown in writing by the Seller, after such notice to show cause why the license or any sublicense should not be modified or revoked. The Seller shall have the right to appeal, in accordance with 10 CFR 781, any decision concerning the modification or revocation of his license or any sublicense.

(4) Foreign patent rights. Upon written request to Patent Counsel (with notification by Seller to FERMCO), and subject to DOE security regulations and requirements, there shall be reserved to the Seller, or the employee-inventor with authorization of the Seller, the patent rights to a subject invention in any foreign country where the Government has elected not to secure such rights provided:

(i) The recipient of such rights, when specifically requested by DOE and three years after issuance of a foreign patent disclosing said subject invention, shall furnish DOE a report setting forth:

(A) The commercial use that is being made, or is intended to be made, of said invention, and

(B) The steps taken to bring the invention to the point of practical application or to make the invention available for licensing.

(ii) The Government shall retain at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government (including any Government agency) and the States and domestic municipal governments, unless the Head of the Agency or the designee determines that it would not be in the public interest to acquire the license for the States and domestic municipal Governments.

(iii) Subject to the rights granted in (c)(1), (2) and (3) of this clause, the Head of the Agency or designee shall have the right to terminate the foreign patent rights granted in this paragraph (c)(4) in whole or in part unless the recipient of such rights demonstrates to the satisfaction of the Head of the Agency designee that effective steps necessary to accomplish substantial utilization of the invention have been taken or within a reasonable time will be taken.

(iv) Subject to the rights granted in (c)(1), (2) and (3) of this clause, the Head of the Agency or designee have the right, commencing four years after foreign patent rights are accorded under this paragraph (c)(4), to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate said foreign patent rights in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing:

(A) If the Head of the Agency or designee determines, upon review of such material as he deems relevant, and after the recipient of such rights or other interested person has had the opportunity to provide such relevant and material information as the Head of the Agency or designee may require, that such foreign patent rights have tended substantially to lessen competition or to result in undue market concentration in any section of the United States in any line of commerce to which the technology relates; or

(B) Unless the recipient of such rights demonstrates to the satisfaction of the Head of the Agency or designee at such hearing that the recipient has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(d) Filing of patent applications.

(1) With respect to each subject invention in which the Seller or the inventor requests foreign patent rights in accordance with paragraph (c)(4) of this clause, a request may also be made for the right to file and prosecute the U.S. application on behalf of the Government. If such request is granted, the Seller or inventor shall file a domestic patent application on the invention within 6 months after the request for foreign patent rights is granted, or such longer period of time as may be approved by the Patent Counsel for good cause shown in writing by the requestor. With respect to the invention, the requestor shall promptly notify the Patent Counsel (with notification by Seller to FERMCO) of any decision not to file an application.

(2) For each subject invention on which a domestic patent application is filed by the Seller or inventor, the Seller or inventor shall:

(i) Within 2 months after the filing of a patent application or within 2 months after submission of the invention disclosure, if the patent application has been filed previously, deliver to the Patent Counsel a copy of the application as filed including the filing date and serial number;

(ii) Within 6 months after filing the application or within 6 months after submitting the invention disclosure if the application has been filed previously, deliver to the Patent Counsel a duly executed and approved assignment to the Government, on a form specified by the Government;

(iii) Provide the Patent Counsel with the original patent grant promptly after a patent is issued on the application;

(iv) Not less than 30 days before the expiration of the response period for any action required by the Patent and Trademark Office, notify the Patent Counsel of any decision not to continue prosecution of the application.

(3) With respect to each subject invention in which the Seller or inventor has requested foreign patent rights, the Seller or inventor shall file a patent application on the invention in each foreign country in which such request is granted, in accordance with applicable statutes and regulations, and within one of

the following periods:

(i) Eight months from the date of filing a corresponding United States application, or if such an application is not filed, six months from the date the request was granted.

(ii) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file the foreign patent application, where such filing has been prohibited by security reasons; or

(iii) Such longer periods as may be approved by the Patent Counsel for good cause shown in writing by the Seller or inventor.

(4) Subject to the license specified in paragraphs (c)(1), (2) and (3) of this clause, the Seller or inventor agrees to convey to the Government, upon request, the entire right, title, and interest in any foreign country in which the Seller or inventor fails to have a patent application filed in accordance with paragraph (d)(3) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Seller or inventor shall, not less than 60 days before the expiration period for any action required by any patent office, notify the Patent Counsel of such failure or decision, and deliver to the Patent Counsel, the executed instruments necessary for the conveyance specified in this paragraph.

(e) Invention identification, disclosures, and reports.

(1) The Seller shall establish and maintain active and effective procedures to ensure that subject inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records and other records that are reasonably necessary to document the conception and/or the first actual reduction to practice of subject inventions, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Seller shall furnish the Contracting Officer a description of these procedures so that the Contracting Officer may evaluate and determine their effectiveness.

(2) The Seller shall furnish the Patent Counsel (with notification by Seller to FERMCO) on a DOE approved form:

(i) A written report containing full and complete technical information concerning each subject invention within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under this contract, but in any event, prior to any sale, public use, or public disclosure of such invention known to the Seller. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains, a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any request for foreign patent rights under paragraph (c)(4) of this clause and any request to file a domestic patent application under (d)(1) of this clause. However, such request shall be made within the period set forth in paragraph (b)(2) of this clause. When an invention is reported under this paragraph (e)(2)(i), it shall be presumed to have been conceived or first actually reduced to practice in the course of or under the contract, unless the Seller contends it was not so made, in accordance with paragraph (g)(2)(ii) of this clause.

(ii) Upon request, but not more than annually, interim reports on a DOE-approved form listing subject inventions and subcontracts awarded(s) containing a Patent Rights clause for that period and certifying that:

(A) The Seller's procedures for identifying and disclosing subject inventions as required by this paragraph (e) have been followed throughout the reporting period;

(B) All subject inventions have been disclosed or that there are no such inventions; and

(C) All subcontracts containing a Patent Rights clause have been reported or that no such subcontracts have been awarded;

(iii) A final report on a DOE-approved form within three months after completion of the contract work listing all subject inventions and all subcontracts awarded containing a Patent Rights clause and certifying that:

(A) All subject inventions have been disclosed or that there were no such inventions; and

(B) All subcontracts containing a Patent Rights clause have been reported or that no such subcontracts have been awarded.

(3) The Seller shall obtain patent agreements to effectuate the provisions of this clause from all persons in its employ who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers.

(4) The Seller agrees that the Government may duplicate and disclose subject invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause. If the Seller is to file a foreign patent application on a subject invention, the Government agrees, upon written request, to use its best efforts to withhold publication of such invention disclosures until the expiration of the time period specified in paragraph (d)(1) of this clause, but in no event shall the Government or its employees be liable for any publication thereof.

(f) Publication.

It is recognized that during the course of the work under this contract, the Seller or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of the DOE or the Seller, patent approval for release or publication shall be secured from Patent Counsel through FERMCO prior to any such release or publication.

(g) Forfeiture of rights in unreported subject inventions.

(1) The Seller shall forfeit to the Government, at DOE's request, all rights in any subject invention which the Seller fails to report to Patent Counsel (with notification by Seller to FERMCO) within 6 months after the time the Seller:

(i) Files or causes to be filed a United States or foreign patent application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later.

(2) However, the Seller shall not forfeit rights in a subject invention if, within the time specified, in (1)(i) or (1)(ii) of this paragraph (g), the Seller:

(i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the same to Patent Counsel (with notification by Seller to FERMCO); or

(ii) Contending that the invention is not a subject invention, the Seller nevertheless discloses the invention and all facts pertinent to this contention to the Patent Counsel (with notification by Seller to FERMCO); or

(iii) Establishes that the failure to disclose did not result from the Seller's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by DOE to be forfeited the Seller shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (g) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to subject inventions.

(h) Examination of records relating to inventions.

(1) the Contracting Officer or his authorized representative, until the expiration of 3 years after final payment under this contract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Seller which the Contracting Officer reasonably deems pertinent to the discovery or identification of subject inventions or to determine compliance with the requirements of this clause.

(2) The Contracting Officer or his authorized representative shall have the right to examine all books (including laboratory notebooks), records and documents of the Seller relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this contract to determine whether any such inventions are subject inventions, if the Seller refuses or fails to:

(i) Establish the procedures of paragraph (e) (1) of this clause; or

(ii) Maintain and follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty days after the Contracting Officer notifies the Seller of such a deficiency.

(i) Withholding of payment (not applicable to subcontracts).

(1) Any time before final payment of the amount of this contract, FERMCO may, if deemed such action warranted, withhold payment until a reserve not exceeding \$50,000 or 5 percent of the amount of this contract, whichever is less, shall have been set aside if in its opinion the Seller fails to:

(i) Establish, maintain and follow effective procedures for identifying and disclosing subject inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any subject invention pursuant to paragraph (e)(2)(i) of this clause, or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (j)(5) of this clause; or

(v) Convey to the Government to, using a DOE-approved form, the title and/or rights of the Government in each subject invention as required by this clause.

(2) The reserve or balance shall be withheld until FERMCO has determined that the Seller has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.

(3) Final payment under this contract shall not be made by FERMCO before the Seller delivers to Patent Counsel all disclosures of subject inventions and other information required by (e) (2) (i) of this clause, the final report required by (e) (2) (iii) of this clause, and Patent Counsel has issued a patent clearance certification to FERMCO.

(4) FERMCO may, at its discretion, decrease or increase the

sums withheld up to the maximum authorized above. If the Seller is a non-profit organization, the maximum amount that may be withheld under this paragraph shall not exceed \$50,000 or 1 percent of the amount of this contract, whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to or the Government under this contract.

(j) Subcontracts.

(1) For the purpose of this paragraph the term "Seller" means the party awarding a subcontract and the term "subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) The Seller will include in subcontracts in which the subcontractor is neither a small business firm or a nonprofit organization the Patent Rights clause of 41 CFR 9-9.107-5(a), modified to identify the parties. In the event of a refusal by such subcontractor to accept this clause, or if in the opinion of the Seller this clause is inconsistent with DOE's patent policies, the Seller:

(i) Shall promptly submit written notice to FERMCO setting forth reasons for the subcontractor refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without written authorization of FERMCO.

(iii) In all other subcontracts, the Seller shall use a patent clause as directed by FERMCO.

(3) Except as may be otherwise provided in this clause, the Seller shall not, in any subcontract by using a subcontract as consideration therefor, acquire any rights in its subcontractor's subject invention for the Seller's own use (as distinguished from such rights as may be required solely to fulfill the Seller's contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnished by the subcontractor to DOE, under the provisions of a Patent Rights clause in any subcontract hereunder may, at the discretion of FERMCO, be furnished to the Seller for transmission to DOE.

(5) The Seller shall promptly notify FERMCO in writing upon the award of any subcontract containing a Patent Rights clause by identifying the subcontractor, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon the request of FERMCO, the Seller shall furnish a copy of the subcontract.

(6) The Seller shall identify all subject inventions of the subcontractor of which it acquires knowledge in the performance of this contract and shall notify the Patent Counsel (with notification by Seller to FERMCO) promptly upon the identification of the inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in subject inventions, and the Seller hereby assigns to the Government all rights that the Seller would have to enforce the subcontractor's obligations for the benefit of the Government with respect to subject inventions. The Seller shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the subcontractor to the Government regarding subject inventions.

(k) Background Patents.

(1) "Background Patent" means a domestic patent covering an invention or discovery which is not a subject invention and which is owned or controlled by the Seller at any time through the completion of this contract:

(i) Which the Seller, but not the Government, has the right to license to others without obligation to pay royalties thereon, and

(ii) Infringement of which cannot reasonably be avoided upon the practice of any specific process, method, machine, manufacture or composition of matter (including relatively minor modifications thereof) which is a subject of the research, development, or demonstration work performed under this contract.

(2) The Seller agrees to and does hereby grant to the Government a royalty-free, nonexclusive, license under any background patent for purposes of practicing remediation, decontamination or decommissioning of the Government facilities.

(3) The Seller also agrees that upon written application by DOE, it will grant to responsible parties for purposes of practicing a subject of this contract, nonexclusive licenses under any background patent on terms that are reasonable under the circumstances. If, however, the Seller believes that exclusive or partially exclusive rights are necessary to achieve expeditious commercial development or utilization, then a request may be made to DOE for approval of such licensing by the Seller.

(l) Atomic energy.

(1) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Seller or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) Except as otherwise authorized in writing by the Contracting Officer, the Seller will obtain patent agreements to effectuate the provisions of paragraph (l)(1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

(m) Limitation of rights.

Nothing contained in this patent rights clause shall be deemed to give the Government any rights with respect to any invention other than a subject invention except as set forth in the Patent Rights clause of this contract with respect to background patents and, if included, the facilities licenses.

A.52 DEAR 952.227-71 PATENT RIGHTS - SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS (APR 1987)

(a) Definitions.

(1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code (U.S.C.) or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).

(2) "Subject Invention" means any invention of the seller conceived or first actually reduced to practice in the performance of work under this contract, provided that in the case of a variety of Plant Variety Protection Act, 7 U.S.C. 2401 (d) must also occur during the period of contract performance.

(3) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

(4) "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.

(5) "Small Business Firm" means a small business concern as defined at Section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standard for small business concerns involved in

Government procurement and subcontracting, at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.

(6) "Nonprofit Organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501 (a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

(7) "Patent Counsel" means DOE Patent counsel assisting the DOE contracting activity.

(b) Allocation of principal rights.

(1) The Seller may retain the entire right, title and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the seller retains title, the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

(2) (Reserved.)

(c) Invention disclosure, election of title and filing or patent application by Seller.

(1) The Seller will disclose each subject invention to the Patent Counsel within two months after the inventor discloses it in writing to contractor personnel responsible for patent matters. The disclosure to the Patent Counsel shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the Patent Counsel, the Seller will promptly notify the Patent Counsel of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Seller.

(2) The Seller will elect in writing whether or not to retain title to any such invention by notifying the Patent Counsel within two years of disclosure to the Patent Counsel. However, in any case where publication, on sale or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by Patent Counsel to a date that is no more than sixty days prior to the end of the statutory period.

(3) The Seller will file its initial patent application on a subject invention to which it elects to retain title within one year after election of title, or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Seller will file patent applications in additional countries or international patent offices within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

(4) Requests for extension of the time for disclosure to the Patent Counsel, election, and filing, under subparagraphs (1), (2), and (3) may, at the discretion of the Patent Counsel be granted.

(d) Conditions when the Government may obtain title.

The Seller will convey to the Government, upon written request, title to any subject invention:

(1) If the seller fails to disclose or elect title to the subject invention within the times specified in (c) above, or elects not to retain title; provided that the Government may only request title within 60 days after learning of the failure of the seller to disclose or elect within the specified times;

(2) In those countries in which the seller fails to file patent applications within the times specified in (c) above; provided, however, that if the seller has filed a patent application in a country after the time specified in (c) above prior to its receipt of the written request of the Patent Counsel, the seller shall continue to retain title in that country; or

(3) In any country in which the seller decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a subject invention.

(e) Minimum rights to Seller and protection of the Seller's right to file.

(1) The Seller will retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the seller fails to disclose the subject invention within times specified in (c) above. The seller's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the seller is a part and includes the right to grant sublicenses of the same scope to the extent the Seller was legally obligated to do so at the time the contract was awarded. The license is transferable only with the approval of the Government except when transferred to the successor of the part of the seller's business to which the invention pertains.

(2) The Seller domestic licenses may be revoked or modified by DOE to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR 404 and 10 CFR 781. This license will not be revoked in the field of use or the geographical areas in which the contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of DOE to the extent the Seller, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, DOE will furnish the seller a written notice of its intention to revoke or modify the license, and the Seller will be allowed thirty days (or such other time as may be authorized by DOE for good cause shown by the Seller) after the notice to show cause why the license should not be revoked or modified. The seller has the right to appeal, in accordance with 37 CFR 404 and 10 CFR Part 781, any decision concerning the revocation or modification of its license.

(f) Seller's action to protect the Government's interest.

(1) The Seller agrees to execute or to have executed and promptly deliver to the Patent Counsel all instruments necessary to:

(i) Establish or confirm the rights the Government has throughout the world in those subject inventions to which the seller elects to retain title, and

(ii) Convey title to the Government when requested under (d) above and to enable the Government to obtain patent protection throughout the world in that subject invention.

(2) The Seller agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the seller each subject invention made under this contract in order that the seller can comply with the disclosure provisions of (c) above and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. The disclosure format should require, as a minimum, the information required by (c)(1)

above. The Seller shall instruct such employees through the employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to United States or foreign statutory bars.

(3) The Seller will notify the Patent counsel of any decision not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty days before the expiration of the response period required by the relevant patent office.

(4) The Seller agrees to include, within the specification of any United States patent applications and any patent issuing thereon covering a subject invention, the following statement "This invention was made with the Government's support under (identify the contract) awarded by FERMCO. The Government has certain rights in this invention."

(5) The Seller agrees to:

(i) Upon request, provide a report prior to the close-out of the contract listing all subject inventions or stating that there were none;

(ii) Provide, upon request, a copy of the patent application, filing date, serial number and title, patent number and issue date for any subject invention in any country in which the seller has applied for a patent; and

(iii) Provide upon request, but not more than annually, listing of all subject inventions which were disclosed to FERMCO or the Government during the applicable reporting period.

(g) Subcontracts.

(1) The Seller will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a small business firm or a domestic nonprofit organization. The subcontractor will retain all rights provided for the Seller in this clause, and the seller will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(2) The Seller will include in all other subcontracts, regardless of tier, for experimental, developmental, demonstration or research work the patent rights clause of 41 CFR 9-9.107-5(a) or 9-9.107-6 as appropriate, modified to identify the parties.

(3) In the case of a subcontract at any tier, FERMCO, the subcontractor, and the Seller agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and FERMCO with respect to those matters covered by this clause.

(h) Reporting on utilization of subject inventions.

The seller agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the seller or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the seller, and such other data and information as DOE and may reasonably specify. The Seller also agrees to provide additional reports as may be requested by DOE and FERMCO in connection with any march-in proceeding undertaken by DOE and FERMCO in accordance with paragraph (j) of this clause. As required by 35 U.S.C. 202(c)(5), FERMCO agrees it will not disclose such information to persons outside FERMCO or the Government without permission of the seller.

(i) Preference for United States industry.

Notwithstanding any other provision of this clause, the Seller agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person

agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the seller or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(j) March-in rights.

The Seller agrees that with respect to any subject invention in which it has acquired title, DOE has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of DOE to require the Seller, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Seller, assignee, or exclusive licensee refuses such a request, DOE has the right to grant such a license itself if DOE determines that:

(1) Such action is necessary because the Seller or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;

(2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Seller, assignee, or their licensees;

(3) Such action is necessary to meet requirements for public use specified by federal regulations and such requirements are not reasonably satisfied by the Seller, assignee, or licensees; or

(4) Such action is necessary because the agreement required by (i) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) Special provisions for contracts with nonprofit organizations.

If the seller is a non profit organization, it agrees that:

(1) Rights to a subject invention in the United States may not be assigned without the approval of DOE, except where such assignment is made to an organization which has as one of its primary functions the management of inventions provided that such assignee will be subject to the same provisions as the Seller;

(2) The Seller will share royalties collected on a subject invention with the inventor, including Federal employees co-inventors (when DOE deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

(3) The balance of any royalties or income earned by the Seller with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education and.

(4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms and that it will give a preference to a small business firm when licensing a subject invention if the Seller determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided that the Seller is also satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the seller. However, the Seller agrees that the Secretary of Commerce may review the seller's licensing program and decisions regarding small business applicants, and the seller will negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when the Secretary of Commerce's

review discloses that the Seller could take reasonable steps to implement more effectively the requirements of this paragraph (k)(4).

(l) Communications.

The DOE central point of contact for communications or matters relating to this clause is the Patent Counsel.

A.53 DOE PR 9-9.107-5(H) FACILITIES LICENSE (DEVIATION)(APR 1984)

(n) Facilities license.

As used in this (n) paragraph "facility" means any facility of the Government at which the remediation, decontamination or decommissioning technology practiced under this contract or any subcontract thereunder may be utilized by or for the Government.

(1) In addition to the rights of the parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this contract, the Seller agrees to and does hereby grant to the Government an irrevocable, nonexclusive paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Seller which are owned or controlled by the Seller at any time through completion of this contract and which are incorporated or embodied in the construction of the facility or which are utilized in the operation of the facility or which cover articles, materials, or products manufactured by the facility (1) to practice or to have practiced by or for DOE at the facility, and (2) to transfer such license with the transfer of that facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any rights or patents herein licensed.

(2) To the extent that the Seller or any of its subcontractors intend to employ or utilize patented technology which it does not own or control and which it knows or should know is patented to others, the subcontractor shall be responsible for obtaining a license to utilize such patented technology by and for the Government on terms and conditions which have the written approval of the Contracting Officer.

*This clause supplements DEAR 927.300(a) Patent Rights - Long Form (Deviation) (APR 1984).

A.54 SAFETY

(a) Seller shall take necessary safety and other precautions to protect property and persons from damage, injury or illness arising out of the performance of the work under this contract. Seller shall comply strictly with local, municipal, state and federal laws, orders and regulations pertaining to health or safety which are applicable to Seller or to the work, including without limitation the Occupational Safety and Health Act of 1970 (84 U.S. Statutes 1590), as amended and any state plans approved thereunder, and regulations thereunder, to the extent applicable, and Seller warrants the materials, equipment and facilities, whether temporary or permanent, furnished by Seller in connection with the performance of the work shall comply therewith. At all times while any of Seller's employees, agents or subcontractors are on the Government's premises, Seller shall be solely responsible for providing them with a safe place of employment, and Seller shall inspect the places where its employees, agents or subcontractors are or may be present on the Government's premises and shall promptly take action to correct conditions which are or may become an unsafe place of employment for them.

(b) Accidents, injuries and illnesses requiring medical attention other than first aid, damage to property of FERMCO, Government or Seller, and fires shall be orally reported to FERMCO at the time of the incident. Written reports, satisfactory in form and content to FERMCO, shall be submitted by Seller promptly after each incident.

(c) Seller shall maintain in form and content approved by FERMCO, jobsite accident, injury and illness statistics which shall be available for inspection by, and submitted to, FERMCO upon its written request.

A.55 FAR 52.236-13 ACCIDENT PREVENTION AND ALTERNATE I (NOV 1991)

(a) The Seller shall provide and maintain work environments and procedures which will (1) safeguard the public, FERMCO and Government personnel, property, materials, supplies, and equipment exposed to Seller operations and activities; (2) avoid interruptions of FERMCO or Government operations and delays in project completion dates; and (3) control costs in the performance of this contract.

(b) For the purposes of contracts for construction or dismantling, demolition, or removal of improvements, the Seller shall --

(1) Provide appropriate safety barricades, signs, and signal lights;

(2) Comply with the standards issued by the Secretary of Labor at 29 CFR part 1926 and 29 CFR part 1910; and

(3) Ensure that any additional measures FERMCO determines to be reasonably necessary for the purposes are taken.

(c) Whenever FERMCO becomes aware of any noncompliance with these requirements or any condition which poses a serious or imminent danger to the health or safety of the public, FERMCO or Government personnel, FERMCO shall notify the Seller orally, with written confirmation, and request immediate initiation of corrective action. This notice, when delivered to the Seller or the Seller's representative at the work site, shall be deemed sufficient notice of the noncompliance and that corrective action is required. After receiving the notice, the Seller shall immediately take corrective action. If the Seller fails or refuses to promptly take corrective action, FERMCO may issue an order stopping all or part of the work until satisfactory corrective action has been taken. The Seller shall not be entitled to any equitable adjustment of the contract price or extension of the performance schedule on any stop work order issued under this clause.

(d) The Seller shall insert this clause, including this paragraph (e), with appropriate changes in the designation of the parties, in subcontracts.

Alternate I (Nov 1991)

If the contract will involve (a) work of a long duration or hazardous nature, or (b) performance on a Government facility that on the advice of technical representatives involves hazardous materials or operations that might endanger the safety of the public, FERMCO or Government personnel or property, add the following paragraph (e) to the basic clause:

(e) Before commencing the work, the Seller shall --

(1) Submit a written proposed plan for implementing this clause. The plan shall include an analysis of the significant hazards to life, limb, and property inherent in subcontract work performance and a plan for controlling these hazards; and

(2) Meet with representatives of FERMCO to discuss and develop a mutual understanding relative to administration of the overall safety program.

A.56 FAR 52.222-6 DAVIS-BACON ACT (FEB 1988)

(a) All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3)), the full amount of wages and bona fide fringe benefits (or

cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Seller and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (d) of this clause; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such period. Such laborers and mechanics shall be paid not less than the appropriate wage rate and fringe benefits in the wage determination for the classification of work actually performed, without regard to skill, except as provided in the clause entitled Apprentices and Trainees. Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein; provided, that the employer's payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classifications and wage rates conformed under paragraph (b) of this clause) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Seller and its subcontractor(s) at the site of the work in a prominent and accessible place where it can be easily seen by the workers.

(b) (1) FERMCO shall require that any class of laborers or mechanics which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. FERMCO shall approve an additional classification and wage rate and fringe benefits therefor only when all the following criteria have been met:

(i) The work to be performed by the classification requested is not performed by a classification in the wage determination.

(ii) The classification is utilized in the area by the construction industry.

(iii) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(2) If the Seller and the laborers and mechanics to be employed in the classification (if known), or their representatives, and FERMCO agree on the classification and wage rate (including the amount designated for fringe benefits, where appropriate), a report of the action taken shall be sent by FERMCO to the administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator or an authorized representative will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise FERMCO or will notify FERMCO within the 30-day period that additional time is necessary.

(3) In the event the Seller, the laborers or mechanics to be employed in the classification, or their representatives, and FERMCO do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), FERMCO shall refer the questions, including the views of all interested parties and the recommendation of FERMCO, to the Administrator of the Wage and Hour Division for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise FERMCO or will notify FERMCO within the 30-day period that additional time is necessary.

(4) The wage rate (including fringe benefits, where appropriate) determined pursuant to subparagraphs (b)(2) and (b)(3) of this clause shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

(c) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the Seller shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

(d) If the Seller does not make payments to a trustee or other third person, the Seller may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program; provided, that the Secretary of Labor has found, upon the written request of the Seller, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Seller to set aside in a separate account assets for the meeting of obligations under the plan or program.

A.57 FAR 52.222-7 WITHHOLDING OF FUNDS (FEB 1988)

FERMCO shall, upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the Seller under this contract or any other Federal contract with the same Seller, or any other Federally assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same Seller, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the Seller or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, FERMCO may, after written notice to the Seller, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

A.58 FAR 52.222-8 PAYROLLS AND BASIC RECORDS (FEB. 1988)

(a) Payrolls and basic records relating thereto shall be maintained by the Seller during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made, and actual wages paid. Whenever the Secretary of Labor has found, under paragraph (d) of the clause entitled Davis-Bacon Act, that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the Seller shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual cost incurred in providing such benefits. Sellers employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

(b) (1) The Seller shall submit weekly for each week in which any contract work is performed a copy of all payrolls to FERMCO. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under paragraph (a) of this clause. This information may be submitted in any form desired. Optional Form WH-347 (Federal Stock Number 029-005-00014-1) is available for this purpose and may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. The Seller is responsible for the submission of copies of payrolls by all subcontractors. (2) Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the Seller or its subcontractors or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify --

(i) That the payroll for the payroll period contains the information required to be maintained under paragraph (a) of this clause and that such information is correct and complete;

(ii) That each laborer or mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned,

other than permissible deductions as set forth in the Regulations, 29 CFR Part 3; and

(iii) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

(3) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the "Statement of Compliance" required by subparagraph (b)(2) of this clause.

(4) The falsification of any of the certifications in this clause may subject the Seller or subcontractor(s) to civil or criminal prosecution under Section 1001 of Title 18 and Section 3729 of Title 31 of the United States Code.

(c) The Seller and its subcontractors shall make the records required under paragraph (a) of this clause available for inspection, copying, or transcription by the Government or authorized representatives of the Contracting Officer or the Department of Labor. The Seller or subcontractor shall permit the Government or representatives of the Contracting Officer or the Department of Labor to interview employees during working hours on the job. If the Seller or subcontractor(s) fails to submit required records or to make them available, FERMCO may, after written notice to the Seller, take such action as may be necessary to cause the suspension of any further payment. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12.

A.59 FAR 52.222-9 APPRENTICES AND TRAINEES (FEB 1988)

(a) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the Seller as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated in this paragraph, shall be paid not less than the applicable wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a Seller is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the Seller's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Bureau of Apprenticeship and Training, or a State Apprenticeship Agency recognized by the Bureau, withdraws approval of an apprenticeship program, the Seller will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(b) Trainees. Except as provided in 29 CFR 5.16, trainees will not be

permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed in the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate in the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate who is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate in the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate in the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the Seller will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(c) Equal employment opportunity. The utilization of apprentices, trainees, and journeymen under this clause shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

A.60 FAR 52.222-10 COMPLIANCE WITH COPELAND ACT REQUIREMENTS (FEB 1988)

The Seller shall comply with the requirements of 29 CFR Part 3, which are hereby incorporated by reference in this contract.

A.61 FAR 52.222-11 CONTRACTS (LABOR STANDARDS) (FEB 1988)

(a) The Seller shall insert in any subcontracts the clauses entitled Davis-Bacon Act, Contract Work Hours and Safety Standards Act -- Overtime Compensation, Apprentices and Trainees, Payrolls and Basic Records, Compliance with Copeland Act Requirements, Withholding of Funds, Subcontracts (Labor Standards), Contract Termination -- Debarment, Disputes Concerning Labor Standards, Compliance with Davis-Bacon and Related Act Regulations, and Certification of Eligibility, and such other clauses as FERMCO may, by appropriate instructions, require, and also a clause requiring Seller to include these clauses in any lower tier subcontracts. The Seller shall be responsible for compliance by any lower tier subcontractor with all the contract clauses cited in this paragraph.

(b) (1) Within 14 days after award of the contract, the Seller shall deliver to FERMCO a completed Statement and Acknowledgment Form (SF 1413) for each subcontract, including the subcontractor's signed and dated acknowledgment that the clauses set forth in paragraph (a) of this clause have been included in the subcontract.

(2) Within 14 days after the award of any subsequently awarded subcontract the Seller shall deliver to FERMCO an updated completed SF 1413 for such additional subcontract.

A.62 FAR 52.222-12 CONTRACT TERMINATION -- DEBARMENT (FEB 1988)

A breach of the contract clauses entitled Davis-Bacon Act, Contract Work Hours and Safety Standards Act -- Overtime Compensation, Apprentices and Trainees, Payrolls and Basic Records, Compliance with Copeland Act Requirements, Subcontracts (Labor Standards), Compliance With Davis-Bacon and Related Act Regulations, or Certification of Eligibility may be grounds for termination of the contract, and for debarment as provided in 29 CFR 5.12.

A.63 FAR 52.222-13 COMPLIANCE WITH DAVIS-BACON AND RELATED ACT REGULATIONS (FEB 1988)

All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are hereby incorporated by reference in this contract.

A.64 FAR 52.222-15 CERTIFICATION OF ELIGIBILITY (FEB 1988)

(a) By entering into this contract, the Seller certifies that neither it (nor he or she) nor any person or firm who has an interest in the Seller's firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(b) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(c) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

A.65 FAR 52.229-3 FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)

(a) "Contract date," as used in this clause, means the date set for bid opening or, if this is a negotiated contract or a modification, the effective date of this contract or modification.

"All applicable Federal, State, and local taxes and duties," as used in this clause, means all taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions or property covered by this contract.

"After-imposed Federal tax," as used in this clause, means any new or increased Federal excise tax or duty, or tax that was exempted or excluded on the contract date but whose exemption was later revoked or reduced during the contract period, on the transactions or property covered by this contract that the Seller is required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date. It does not include social security tax or other employment taxes.

"After-relieved Federal tax," as used in this clause, means any amount of Federal excise tax or duty, except social security or other employment taxes, that would otherwise have been payable on the transactions or property covered by this contract, but which the Seller is not required to pay or bear, or for which the Seller obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date.

(b) The contract price includes all applicable Federal, State, and local taxes and duties.

(c) The contract price shall be increased by the amount of any after-imposed Federal tax, provided the Seller warrants in writing that no amount for such newly imposed Federal excise tax or duty or rate increase was included in the contract price, as a contingency reserve or otherwise.

(d) The contract price shall be decreased by the amount of any after-relieved Federal tax.

(e) The contract price shall be decreased by the amount of any Federal excise tax or duty, except social security or other employment taxes, that the Seller is required to pay or bear, or does not obtain a refund of, through the Seller's fault, negligence, or failure to follow instructions of FERMCO.

(f) No adjustment shall be made in the contract price under this clause unless the amount of the adjustment exceeds \$250.

(g) The Seller shall promptly notify FERMCO of all matters relating to any Federal excise tax or duty that reasonably may be expected to result in either

an increase or decrease in the subcontract price and shall take appropriate action as FERMCO directs.

(h) FERMCO shall, without liability, furnish evidence appropriate to establish exemption from any Federal, State, or local tax when the Seller requests such evidence and a reasonable basis exists to sustain the exemption.

A.66 FAR 52.236-2 DIFFERING SITE CONDITIONS (APR 1984)

(a) The Seller shall promptly, and before the conditions are disturbed, give a written notice to FERMCO of (1) subsurface or latent physical conditions at the site which differ materially from those indicated in this contract, or (2) unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in the contract.

(b) FERMCO shall investigate the site conditions promptly after receiving the notice. If the conditions do materially so differ and cause an increase or decrease in the Seller's cost of, or the time required for, performing any part of the work under this contract, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this clause and the contract modified in writing accordingly.

(c) No request by the Seller for an equitable adjustment to the contract under this clause shall be allowed, unless the Seller has given the written notice required; provided, that the time prescribed in (a) above for giving written notice may be extended by FERMCO.

(d) No request by the Seller for an equitable adjustment to the contract for differing site conditions shall be allowed if made after final payment under this contract.

A.67 FAR 52.236-6 SUPERINTENDENCE BY THE SELLER (APR 1984)

At all times during performance of this contract and until the work is completed and accepted, the Seller shall directly superintend the work or assign and have on the worksite a competent superintendent who is satisfactory to FERMCO and has authority to act for the Seller.

A.68 FAR 52.236-8 OTHER CONTRACTS (APR 1984)

FERMCO may undertake or award other contracts for additional work at or near the site of the work under this contract. The Seller shall fully cooperate with the other Sellers and with FERMCO employees and shall carefully adapt scheduling and performing the work under this contract to accommodate the additional work, heeding any direction that may be provided by FERMCO. The Seller shall not commit or permit any act that will interfere with the performance of work by any other Sellers or by FERMCO employees.

A.69 FAR 52.236-9 PROTECTION OF EXISTING VEGETATION, STRUCTURES, EQUIPMENT, UTILITIES, AND IMPROVEMENTS (APR 1984)

(a) The Seller shall preserve and protect all structures, equipment, and vegetation (such as trees, shrubs, and grass) on or adjacent to the work site, which are not to be removed and which do not unreasonably interfere with the work required under this contract. The Seller shall only remove trees when specifically authorized to do so, and shall avoid damaging vegetation that will remain in place. If any limbs or branches of trees are broken during contract performance, or by the careless operation of equipment, or by workmen, the Seller shall trim those limbs or branches with a clean cut and paint the cut with a tree-pruning compound as directed by FERMCO.

(b) The Seller shall protect from damage all existing improvements and utilities (1) at or near the work site, and (2) on adjacent property of a third party, the locations of which are made known to or should be known by the Seller. The Seller shall repair any damage to those facilities, including those that are the property of a third party, resulting from failure to comply with the requirements of this contract

or failure to exercise reasonable care in performing the work. If the Seller fails or refuses to repair the damage promptly, FERMCO may have the necessary work performed and charge the cost to the Seller.

A.70 FAR 52.236-10 OPERATIONS AND STORAGE AREAS (APR 1984)

(a) The Seller shall confine all operations (including storage of materials) on Government premises to areas authorized or approved by FERMCO. The Seller shall hold and save Fluor Daniel, the Government and FERMCO, their officers and agents, free and harmless from liability of any nature occasioned by the Seller's performance.

(b) Temporary buildings (e.g., storage sheds, shops, offices) and utilities may be erected by the Seller only with the approval of FERMCO and shall be built with labor and materials furnished by the Seller without expense to FERMCO. The temporary buildings and utilities shall remain the property of the Seller and shall be removed by the Seller at its expense upon completion of the work. With the written consent of FERMCO, the buildings and utilities may be abandoned and need not be removed.

(c) The Seller shall, under regulations prescribed by FERMCO, use only established roadways, or use temporary roadways constructed by the Seller when and as authorized by FERMCO. When materials are transported in prosecuting the work, vehicles shall not be loaded beyond the loading capacity recommended by the manufacturer of the vehicle or prescribed by any Federal, State, or local law or regulation. When it is necessary to cross curbs or sidewalks, the Seller shall protect them from damage. The Seller shall repair or pay for the repair of any damaged curbs, sidewalks, or roads.

A.71 FAR 52.236-11 USE AND POSSESSION PRIOR TO COMPLETION (APR 1984)

(a) FERMCO shall have the right to take possession of or use any completed or partially completed part of the work. Before taking possession of or using any work, FERMCO shall furnish the Seller a list of items of work remaining to be performed or corrected on those portions of the work

that FERMCO intends to take possession of or use. However, failure of FERMCO to list any item of work shall not relieve the Seller of responsibility for complying with the terms of the contract. FERMCO's possession or use shall not be deemed an acceptance of any work under the contract.

(b) While FERMCO has such possession or use, the Seller shall be relieved of the responsibility for the loss of or damage to the work resulting from FERMCO's possession or use, notwithstanding the terms of the clause in this contract entitled "Permits and Licenses." If prior possession or use by FERMCO delays the progress of the work or causes additional expense to the Seller, an equitable adjustment shall be made in the contract price or the time of completion, and the contract shall be modified in writing accordingly.

A.72 FAR 52.236-12 CLEANING UP (APR 1984)

The Seller shall at all times keep the work area, including storage areas, free from accumulations of waste materials. Before completing the work, the Seller shall remove from the work and premises any rubbish, tools, scaffolding, equipment, and materials that are not the property of FERMCO or the Government. Upon completing the work, the Seller shall leave the work area in a clean, neat, and orderly condition satisfactory to FERMCO.

A.73 FAR 52.236-15 SCHEDULES FOR CONSTRUCTION CONTRACTS (APR 1984)

(a) The Seller shall, within five days after the work commences on the contract or another period of time determined by FERMCO, prepare and submit to FERMCO for approval three copies of a practicable schedule showing the order in which the Seller proposes to perform the work, and the dates on which the Seller contemplates starting and completing the several salient features of the work

(including acquiring materials, plant, and equipment). The schedule shall be in the form of a progress chart of suitable scale to indicate appropriately the percentage of work scheduled for completion by any given date during the period. If the Seller fails to submit a schedule within the time prescribed, FERMCO may withhold approval of progress payments until the Seller submits the required schedule.

(b) The Seller shall enter the actual progress on the chart as directed by FERMCO, and upon doing so shall immediately deliver three copies of the annotated schedule to FERMCO. If, in the opinion of FERMCO, the Seller falls behind the approved schedule, the Seller shall take steps necessary to improve its progress, including those that may be required by FERMCO, without additional cost to FERMCO. In this circumstance, FERMCO may require the Seller to increase the number of shifts, overtime operations, days of work, and/or the amount of construction plant, and to submit for approval any supplementary schedule or schedules in chart form as FERMCO deems necessary to demonstrate how the approved rate of progress will be regained.

(c) Failure of the Seller to comply with the requirements of FERMCO under this clause shall be grounds for a determination by FERMCO that the Seller is not prosecuting the work with sufficient diligence to ensure completion within the time specified in the contract. Upon making this determination, FERMCO may terminate the Seller's right to proceed with the work, or any separable part of it, in accordance with the default terms of this contract.

A.74 FAR 52.236-17 LAYOUT OF WORK (APR 1984)

The Seller shall lay out its work from FERMCO-established base lines and bench marks indicated on the drawings, and shall be responsible for all measurements in connection with the layout. The Seller shall furnish, at its own expense, all stakes, templates, platforms, equipment, tools, materials, and labor required to lay out any part of the work. The Seller shall be responsible for executing the work to the lines and grades that may be established or indicated by FERMCO. The Seller shall also be responsible for maintaining and preserving all stakes and other marks established by FERMCO until authorized to remove them. If such marks are destroyed by the Seller or through its negligence before their removal is authorized, FERMCO may replace them and deduct the expense of the replacement from any amounts due or to become due to the Seller.

A.75 FAR 52.236-21 SPECIFICATIONS AND DRAWINGS FOR CONSTRUCTION (APR 1984)

(a) The Seller shall keep on the work site a copy of the drawings and specifications and shall at all times give FERMCO access thereto. Anything mentioned in the specifications and not shown on the drawings, or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown or mentioned in both. In case of difference between drawings and specifications, the specifications shall govern. In case of discrepancy in the figures, in the drawings, or in the specifications, the matter shall be promptly submitted to FERMCO, who shall promptly make a determination in writing. Any adjustment by the Seller without such a determination shall be at its own risk and expense. FERMCO shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

(b) Wherever in the specifications or upon the drawings the words "directed", "required", "ordered", "designated", "prescribed", or words of like import are used, it shall be understood that the "direction", "requirement", "order", "designation", or "prescription", of FERMCO or the Government is intended and similarly the words "approved", "acceptable", "satisfactory", or words of like import shall mean "approved by", or "acceptable to", or "satisfactory to" FERMCO, unless otherwise expressly stated.

(c) Where "as shown", "as indicated", "as detailed", or words of similar import are used, it shall be understood that the reference is made to the drawings accompanying this contract unless stated otherwise. The word "provided" as used herein shall be understood to mean "provide complete in place", that is "furnished and installed".

(d) Shop drawings means drawings, submitted to FERMCO by the

Seller, subcontractor, or any lower tier subcontractor pursuant to a construction contract, showing in detail (1) the proposed fabrication and assembly of structural elements and (2) the installation (i.e., form, fit, and attachment details) of materials of equipment. It includes drawings, diagrams, layouts, schematics, descriptive literature, illustrations, schedules, performance and test data, and similar materials furnished by the Seller to explain in detail specific portions of the work required by the contract. FERMCO may duplicate, use, and disclose in any manner and for any purpose shop drawings delivered under this contract.

(e) If this contract requires shop drawings, the Seller shall coordinate all such drawings, and review them for accuracy, completeness, and compliance with contract requirements and shall indicate its approval thereon as evidence of such coordination and review. Shop drawings submitted to FERMCO without evidence of the Seller's approval may be returned for resubmission. FERMCO will indicate an approval or disapproval of the shop drawings and if not approved as submitted shall indicate FERMCO's reasons therefor. Any work done before such approval shall be at the Seller's risk. Approval by FERMCO shall not relieve the Seller from responsibility for any errors or omissions in such drawings, nor from responsibility for complying with the requirements of this contract, except with respect to variations described and approved in accordance with (f) below.

(f) If shop drawings show variations from the contract requirements, the Seller shall describe such variations in writing, separate from the drawings, at the time of submission. If FERMCO approves any such variation, FERMCO shall issue an appropriate contract modification, except that, if the variation is minor or does not involve a change in price or in time of performance, a modification need not be issued.

(g) The Seller shall submit to FERMCO for approval four copies (unless otherwise indicated) of all shop drawings as called for under the various headings of these specifications. Three sets (unless otherwise indicated) of all shop drawings, will be retained by FERMCO and one set will be returned to the Seller.

(h) This clause shall be included in all subcontracts at any tier.

A.76 FAR 52.246-21 WARRANTY OF CONSTRUCTION (APR 1984)

(a) In addition to any other warranties in this contract, the Seller warrants, except as provided in paragraph (j) of this clause, that work performed under this contract conforms to the contract requirements and is free of any defect in equipment, material, or design furnished, or workmanship performed by the Seller or any subcontractor or supplier at any tier.

(b) This warranty shall continue for a period of 1 year from the date of final acceptance of the work. If FERMCO or the Government takes possession of any part of the work before final acceptance, this warranty shall continue for a period of 1 year from the date FERMCO takes possession.

(c) The Seller shall remedy at the Seller's expense any failure to conform, or any defect. In addition, the Seller shall remedy at the Seller's expense any damage to Government-owned or controlled real or personal property, when that damage is the result of --

(1) The Seller's failure to conform to contract requirements;

or

(2) Any defect of equipment, material, workmanship, or design furnished.

(d) The Seller shall restore any work damaged in fulfilling the terms and conditions of this clause. The Seller's warranty with respect to work repaired or replaced will run for 1 year from the date of repair or replacement.

(e) FERMCO shall notify the Seller, in writing, within a reasonable time after the discovery of any failure, defect, or damage.

(f) If the Seller fails to remedy any failure, defect, or damage within a reasonable time after receipt of notice, FERMCO shall have the right to replace,

repair, or otherwise remedy the failure, defect, or damage at the Seller's expense.

(g) With respect to all warranties, express or implied, from subcontractors, manufacturers, or suppliers for work performed and materials furnished under this subcontract, the Seller shall --

(1) Obtain all warranties that would be given in normal commercial practice;

(2) Require all warranties to be executed, in writing, for the benefit of the Government, if directed by FERMCO; and

(3) Enforce all warranties for the benefit of the Government, if directed by FERMCO.

(h) In the event the Seller's warranty under paragraph (b) of this clause has expired, FERMCO may bring suit at its expense to enforce a subcontractor's, manufacturer's, or supplier's warranty.

(i) Unless a defect is caused by the negligence of the Seller or subcontractor or supplier at any tier, the Seller shall not be liable for the repair of any defects of material or design furnished by FERMCO nor for the repair of any damage that results from any defect in Government-furnished material or design.

(j) This warranty shall not limit FERMCO's rights under the Inspection and Acceptance clauses of this contract with respect to latent defects, gross mistakes, or fraud.

Alternate I (APR 1984).

If FERMCO specifies in the contract the use of any equipment by "brand name and model", the following paragraph (k) applies to the basic clause above:

(k) Defects in design or manufacture of equipment specified by FERMCO on a "brand name and model" basis, shall not be included in this warranty. In this event, the Seller shall require any subcontractors, manufacturers, or suppliers thereof to execute their warranties, in writing, directly to FERMCO.

A.77 DEAR 970.5204-59 WHISTLEBLOWER PROTECTION FOR SELLER EMPLOYEES (JAN 1993)

(a) The Seller shall comply with the requirements of the "DOE Contractor Employee Protection Program" at 10 CFR Part 708.

(b) The Seller shall insert or have inserted the substance of this clause, including this paragraph (b), in subcontracts, at all tiers, with respect to work performed on-site at a DOE-owned or leased facility, as provided for at 10 CFR Part 708.

A.78 FERMCO SUBSTANCE ABUSE PROGRAM

(a) The Seller will:

(1) Use its best efforts to assure that all of its workers assigned to work under this contract are drug and alcohol free;

(2) Require its workers under this contract who are permitted access to any FERMCO facility, to submit to FERMCO random urinalysis testing for the presence of drugs and to FERMCO random breathalyzer testing for the presence of alcohol promptly whenever Notice of Testing is given to the Seller by FERMCO;

(3) Remove immediately from work under this contract any worker with respect to whom the Medical Review Officer determines to have tested positive for the presence of drugs and/or alcohol;

(4) Remove immediately from work under this contract any worker who fails to present himself or herself to FERMCO Medical Department for

drug and/or alcohol testing promptly when Notice of Testing is given by FERMCO to the Seller with respect to such worker, or who otherwise fails to cooperate with the FERMCO drug/alcohol testing program;

(5) Remove from work under this Contract any employee who, intentionally or unintentionally, whether by action or inaction, causes the urinalysis testing or the breathalyzer testing of any employee to be frustrated, as, for example, by miscommunicating or by failing to communicate appropriately information regarding Notice of Testing with respect to any Seller employee.

(b) A worker who has been removed, or required to be removed, from work under this contract pursuant to this clause will not be permitted to return to work under this contract except at FERMCO's sole discretion and upon determination by the Medical Review Officer that the worker has completed successfully an Employee Assistance Program approved by the Medical Review Officer, or that the worker is otherwise fit to perform work under this contract.

(c) Any urinalysis testing and any breathalyzer testing required under this contract will be conducted either by, or at the direction of, the FERMCO Medical Department.

A. 79 GOVERNING LAW

Irrespective of the place of performance, this contract will be construed and interpreted according to the Federal Common Law of Government Contracts as enunciated and applied by Federal judicial bodies, Boards of Contract Appeals and quasi-judicial agencies of the Federal Government. To the extent that the Federal Common Law of Government Contracts is not dispositive, the law of the State of Ohio shall apply. In the event that either party hereto must resort to litigation to enforce a right or remedy conferred by law, equity or the provisions of this contract, the parties hereby consent to the action being brought in the court of competent jurisdiction whose situs is in the County of Hamilton, State of Ohio.

A. 80 FAR 52.225-11 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (MAY 1992)

(a) Unless advance written approval from FERMCO is obtained, the Seller shall not acquire for use in the performance of this contract-

(1) Any supplies or services originating from sources within the communist areas on North Korea, Vietnam, Cambodia, or Cuba;

(2) Any supplies that are or were located in or transported from or through North Korea, Vietnam, Cambodia, or Cuba; or

(3) Arms, ammunition, or military vehicles produced in South Africa, or manufacturing data for such articles.

(b) The Seller shall not acquire for use in the performance of this contract supplies or services originating from sources within Iraq, any supplies that are or were located in or transported from or through Iraq, or any supplies or services from entities controlled by the Government of Iraq.

(c) The Seller agrees to insert the provisions of this clause, including this paragraph(c) in all subcontracts hereunder.

A.81 FAR 52.236-7 PERMITS AND RESPONSIBILITIES (NOV 1991)

The Seller shall, without additional expense to FERMCO, be responsible for obtaining any necessary licenses and permits, and for complying with any Federal, State, and municipal laws, codes, and regulations applicable to the performance of the work. The Seller shall also be responsible for all damages to persons or property that occur as a result of the Seller's fault or negligence. The Seller shall also be responsible for all materials delivered and work performed until completion and acceptance of the entire work, except for any completed unit of work which may have been accepted under the contract.

SECTION B
SECTION B APPLIES IF THE PRICE OF THIS CONTRACT EXCEEDS \$2,500

B.1 FAR 52.222-36 AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984)

(a) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Seller shall not discriminate against any employee or applicant because of physical or mental handicap. The Seller agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation;

and

- (viii) Selection for training, including apprenticeship.

(2) The Seller agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793)(the Act), as amended.

(b) Postings. (1) The Seller agrees to post employment notices stating (i) the Seller's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through FERMCO.

(3) The Seller shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Seller is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

(c) Noncompliance. If the Seller does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Seller shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Seller shall act as specified by FERMCO to enforce the terms, including action for noncompliance.

B.2 FAR 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT--OVERTIME COMPENSATION (MAR 1986)

NOTE: Applicable to contracts which involve the employment of laborers or mechanics.

(a) Overtime requirements. No Seller contracting for any part of the contract work which may require or involve the employment of laborers or mechanics (see Federal Acquisition Regulation (FAR) 22.300)) shall require or permit any such laborers or mechanics in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than 1 ½ times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(b) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the provisions set forth in paragraph (a) of this clause, the

Seller and any Seller's subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Seller and any Seller's subcontractor shall be liable for the unpaid wages. In addition, such Seller and Seller's subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions set forth in paragraph (a) of this clause in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by provisions set forth in paragraph (a) of this clause.

(c) Withholding for unpaid wages and liquidated damages. FERMCO shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Seller or Seller's subcontractor under any such contract or any other FERMCO contract with the same Seller, or other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same Seller, such sums as may be determined to be necessary to satisfy any liabilities of such Seller or Seller's subcontractor for unpaid wages and liquidated damages as provided in the provisions set forth in paragraph (b) of this clause.

(d) Payrolls and basic records. (1) The Seller or Seller's subcontractor shall maintain payrolls and basic payroll records during the course of contract work and shall preserve them for a period of 3 years from the completion of the contract for all laborers and mechanics working on the contract work and shall preserve them for a period of 3 years from the completion of the contract for all laborers and mechanics working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Nothing in this paragraph shall require the duplication of records required to be maintained for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Davis-Bacon Act.

(2) The records to be maintained under paragraph (d)(1) of this clause shall be made available by the Seller or Seller's subcontractor for inspection, copying, or transcription by authorized representatives of FERMCO or the Department of Labor. The Seller or Seller's subcontractor shall permit such representatives to interview employees during working hours on the job.

(e) Subcontracts. The Seller shall insert in any subcontracts the provisions set forth in paragraphs (a) through (e) of this clause and also a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The Seller shall be responsible for compliance by any subcontractor or lower tier subcontractor with the provisions set forth in paragraphs (a) through (e) of this clause.

SECTION C
SECTION C APPLIES IF THE PRICE OF THIS CONTRACT EXCEEDS \$10,000

C.1 FAR 52.222-20 WALSH-HEALEY PUBLIC CONTRACTS ACT (APR 1984)

If this contract is for the manufacture or furnishing of materials, supplies, articles or equipment in an amount that exceeds or may exceed \$10,000, and is subject to the Walsh-Healey Public Contracts Act, as amended (41 U.S.C. 35-45), the following terms and conditions apply:

(a) All representations and stipulations required by the Act and regulations issued by the Secretary of Labor (41 CFR Chapter 50) are incorporated by reference. These representations and stipulations are subject to all applicable rulings and interpretations of the Secretary of Labor that are now, or may hereafter, be in effect.

(b) All employees whose work relates to this contract shall be paid not less than the minimum wage prescribed by regulations issued by the Secretary of Labor (41 CFR 50-202.2). Learners, student learners, apprentices, and handicapped workers may be employed at less than the prescribed minimum wage (see 41 CFR 50-202.3) to the same extent that such employment is permitted under Section 14 of the Fair Labor Standards Act (41 U.S.C. 40).

C.2 FAR 52.222-26 EQUAL OPPORTUNITY (APR 1984)

NOTE: This clause is applicable unless all of the terms of the clause are exempt from the requirements of EO 11 246. (See Federal Acquisition Regulation (FAR) 22.807 (a)):

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Seller has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Seller shall comply with subparagraphs (b)(1) through (11) below. Upon request, the Seller shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the Seller agrees as follows:

(1) The Seller shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Seller shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Seller shall post in conspicuous places available to employees and applicants for employment the notices to be provided by FERMCO that explain this clause.

(4) The Seller shall, in all solicitations or advertisements for employees placed by or on behalf of the Seller, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Seller shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by FERMCO advising the labor union or workers' representative of the Seller's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Seller shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Seller shall furnish to FERMCO all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed with 12 months preceding the date of award.

(8) The Seller shall permit access to its books, records, and accounts by FERMCO or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the Seller's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Seller is not in compliance with this clause or any rule, regulation or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Seller may be declared ineligible for further FERMCO contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Seller as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Seller shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Seller shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Seller becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Seller may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

C.3 FAR 52.222-35 AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (APR 1984)

(a) Definitions. "Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the Seller proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Seller's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the Seller proposes to fill from regularly established "recall" lists.

"Openings that the Seller proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Seller proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause--

(1) Includes, but it not limited to, openings that occur in jobs categorized as--

(i) Production and nonproduction;

(ii) Plant and office;
(iii) Laborers and mechanics;
(iv) Supervisory and nonsupervisory;
(v) Technical; and
(vi) Executive administrative, and professional positions compensated on a salary basis of less than \$25,000 a year; and

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Seller proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

(b) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Seller shall not discriminate against the individual because the individual is a special disabled or Vietnam Era veteran. The Seller agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Seller agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) Listing openings.

(1) The Seller agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any Seller's facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. The listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Seller from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the Seller becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Seller is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Seller may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) FERMCO's needs cannot reasonably be supplied, (ii) listing would be contrary to national security, or (iii) the requirement of listing would not be in FERMCO's interest.

(d) Applicability.

(1) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 States, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph (c) above of this clause do not apply to openings that the Seller proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e) Postings.

(1) The Seller agrees to post employment notices stating (i) the Seller's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through FERMCO.

(3) The Seller shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Seller is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

(f) Noncompliance.

If the Seller does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts.

The Seller shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Seller shall act as specified by the Director or FERMCO to enforce the terms, including action for noncompliance.

C.4 FAR 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1988)

(a) The Seller shall report at least annually, as required by the Secretary of Labor, on:

(1) The number of special disabled veterans and the number of veterans of the Vietnam era in the workforce of the Seller by job category and hiring location; and

(2) The total number of new employees hired during the period covered by the report, and of that total, the number of special disabled veterans, and the number of veterans of the Vietnam era.

(b) The above items shall be reported by completing the form entitled "Federal Contractor Veterans' Employment Report VETS-100."

(c) Reports shall be submitted no later than March 31 of each year

beginning March 31, 1988.

(d) The employment activity report required by paragraph (a)(2) of this clause shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile report required by paragraph (a)(1) of this clause. Seller may select an ending date: (1) As of the end of any pay period during the period January through March 1st of the year the report is due, or (2) as of December 31, if the Seller has previous written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).

(e) The count of veterans reported according to paragraph (a) of this clause shall be based on voluntary disclosure. Each Seller subject to the reporting requirements at 38 U.S.C. 2012(d) shall invite all special disabled veterans and veterans of the Vietnam era who wish to benefit under the affirmative action program at 38 U.S.C. 2012 to identify themselves to the Seller. The invitation shall state that the information is voluntarily provided, that the information will be kept confidential, that disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment and that the information will be used only in accordance with the regulations promulgated under 38 U.S.C. 2012.

(f) Subcontracts. The Seller shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary.

C.5 DOE PR 9-9.110 (c) REPORTING OF ROYALTIES (JUN 1979)

If this contract is in an amount which exceeds \$10,000 and if any royalty payments are directly involved in the contract or are reflected in the contract price to FERMCO, the Seller agrees to report in writing to the Patent Counsel (with notification by Seller to FERMCO) during the performance of this contract and prior to its completion or final settlement, the amount of any royalties paid or other payments paid or to be paid by it directly to others in connection with the performance of this contract together with the names and addresses of licensors to whom such payments are made and either the patent numbers involved or such other information as will permit the identification of the patents or other basis on which royalties are to be paid. The approval of DOE or FERMCO of any individual payments or royalties shall not stop FERMCO or the Government at any time from contesting the enforceability, validity or scope of, or title to, any patent under which a royalty or payments are made.

C.6 DOE PR 9-9.104 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (JUN 1979)

(a) The Seller shall report to FERMCO promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Seller has knowledge.

(b) In the event of any claim or suit against the Government or FERMCO on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Seller shall furnish to FERMCO when requested by the Contracting Officer or FERMCO, all evidence and information in possession of the Seller pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of FERMCO except where the Seller has agreed to indemnify FERMCO or the Government.

(c) This clause shall be included in all subcontracts.

C.7 FAR 52-215-1 EXAMINATION OF RECORDS BY COMPTROLLER GENERAL (APR 1984)

(a) This clause applies if this contract exceeds \$10,000 and was entered into by negotiation.

(b) The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall until 3 years after final payment under this contract or for any shorter period specified in Federal Acquisition Regulation (FAR) Subpart 4.7 Contractor Records Retention, have

access to and the right to examine any of the Seller's directly pertinent books, documents, papers, or other records involving transactions related to this contract.

(c) The Seller agrees to include in first-tier subcontracts under this contract a clause to the effect that the Comptroller General or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under the subcontract or for any shorter period specified in FAR Subpart 4.7 have access to and the right to examine any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions released to the subcontract.

"Subcontract," as used in this clause, excludes (1) purchase orders not exceeding \$100,000 and (2) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

(d) The periods of access and examination in paragraphs (b) and (c) above for records relating to (1) litigation or settlement of claims arising from the performance of this contract, or (2) costs and expenses of this contract to which the Comptroller General or a duly authorized representative from the General Accounting Office has taken exception shall continue until such litigation, claims, or exceptions are disposed of.

C.8 FAR 52.215-2 AUDIT-NEGOTIATION (DEC. 1989)

(a) Examination of costs. The Seller shall maintain and FERMCO or representatives of FERMCO shall have the right to examine and audit books, records, documents, and other evidence and accounting procedures and practices, regardless of form (e.g. machine readable media such as disk, tape, etc.) or type (e.g. data bases, applications software, database management software, utilities, etc.) sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing this contract. This right of examination shall include inspection at all reasonable times of the Seller's plants, or parts of them, engaged in performing the contract.

(b) Cost or pricing data. If, pursuant to law, the Seller has been required to submit cost or pricing data in connection with pricing this contract or any modification to this contract, FERMCO or representatives of FERMCO shall have the right to examine and audit all of the Seller's books, records, documents, and other data regardless of form (e.g. machine readable media such as disk, tape, etc.) or type (e.g. data bases, applications software, database management software, utilities, etc.) including computations and projections related to proposing, negotiating, pricing, or performing the contract or modification, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary to permit adequate evaluation of the cost of pricing data submitted, along with the computations and projections used.

(c) Reports. If the Seller is required to furnish cost, funding, or performance reports, FERMCO or representatives of FERMCO shall have the right to examine and audit books, records, other documents, and supporting materials, for the purpose of evaluating (1) the effectiveness of the Seller's policies and procedures to produce data compatible with the objectives of these reports and (2) the data reported.

(d) Availability. The Seller shall make available at its office at all reasonable times the materials described in paragraphs (a) and (b) above, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation, or for any longer period required by statute or by other clauses of this contract. In addition--

(1) If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement; and

(2) Records relating to litigation or the settlement of claims arising under or relating to this contract shall be made available until such litigation or claims are disposed of.

(e) Except as otherwise provided in FAR Subpart 4.7, Contractor Records Retention, the Seller may transfer computer data in machine readable form from one reliable computer medium to another. The Seller's computer data retention and transfer procedures shall maintain the integrity, reliability, and security of the original data. The Seller's choice of form or type of materials described in paragraphs (a), (b) and (c) of this clause affects neither the Seller's obligations nor FERMCO's rights under this clause.

(f) The Seller shall insert a clause containing all the terms of this clause, including this paragraph (f), in all subcontracts over \$10,000 under this contract, altering the clause only as necessary to identify properly the contracting parties and FERMCO.

C.9 FAR 52.222-27 AFFIRMATIVE ACTION COMPLIANCE REQUIREMENTS FOR CONSTRUCTION (APR 1984)

(a) Definitions.

"Covered area," as used in this clause, means the geographical area described in the solicitation for this contract.

"Director," as used in this clause, means Director, Office of Federal Contract Compliance Programs (OFCCP), United States Department of Labor, or

any person to whom the Director delegates authority.

"Employer identification number," as used in this clause, means the Federal Social Security number used on the employer's quarterly federal tax return, U.S. Treasury Department Form 941.

"Minority," as used in this clause, means--

(1) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(2) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(3) Black (all persons having origins in any of the black African racial groups not of Hispanic origin);

(4) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race);

(b) If the Seller, or a subcontractor at any tier, subcontracts a portion of the work involving any construction trade, each such subcontract in excess of \$10,000 shall include this clause and the Notice containing the goals for minority and female participation stated in the solicitation for this contract.

(c) If the Seller is participating in a Hometown Plan (41 CFR 60-4) approved by the U.S. Department of Labor in a covered area, either individually or through an association, its affirmative action obligations on all work in the plan area (including goals) shall comply with the plan for those trades that have unions participating in the plan. Sellers must be able to demonstrate participation in, and compliance with, the provisions of the plan. Each Seller or subcontractor participating in an approved plan is also required to comply with its obligations under the Equal Opportunity clause, and to make a good faith effort to achieve each goal under the plan in each trade in which it has employees. The overall good-faith performance by other Sellers or subcontractors toward a goal in an approved plan does not excuse any Seller's or subcontractor's failure to make good-faith efforts to achieve the plan's goals.

(d) The Seller shall implement the affirmative action procedures in subparagraphs (g)(1) through (16) of this clause. The goals stated in the solicitation for this contract are expressed as percentages of the total hours of employment and training of minority and female utilization that the Seller should reasonably be able to achieve in each construction trade in which it has employees in the covered area. If the Seller performs construction work in a geographical area located outside of the covered area, it shall apply the goals established for the geographical area where that work is actually performed. The Seller is expected to make substantially uniform progress toward its goals in each craft.

(e) Neither the terms and conditions of any collective bargaining agreement, nor the failure by a union with which the Seller has a collective bargaining agreement, to refer minorities or women shall excuse the Seller's obligations under this clause, Executive Order 11246, as amended, or the regulations thereunder.

(f) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, apprentices and trainees must be employed by the Seller during the training period, and the Seller must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(g) The Seller shall take affirmative action to ensure equal employment opportunity. The evaluation of the Seller's compliance with this clause shall be based upon its effort to achieve maximum results from its actions. The Seller shall document these efforts fully and implement affirmative action steps at least as extensive as the following:

(1) Ensure a working environment free of harassment, intimidation, and coercion at all sites and in all facilities where the Seller's employees are assigned to work. The Seller, if possible, will assign two or more women to each construction project. The Seller shall ensure that foremen, superintendents, and other onsite supervisory personnel are aware of and carry out the Seller's obligation to maintain such a working environment, with specific attention to minority or female individuals working at these sites or facilities.

(2) Establish and maintain a current list of sources for minority and female recruitment. Provide written notification to minority and female recruitment sources and community organizations when the Seller or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Establish and maintain a current file of the names, addresses, and telephone numbers of each minority and female off-the-street applicant, referrals of minorities or females from unions, recruitment sources, or community organizations, and the action taken with respect to each individual. If an individual was sent to the union hiring hall for referral and not referred back to the Seller by the union or, if referred back, not employed by the Seller, this shall be documented in the file, along with whatever additional actions the Seller may have taken.

(4) Immediately notify the Director when the union or unions with which the Seller has a collective bargaining agreement has not referred back to the Seller a minority or woman sent by the Seller, or when the Seller has other information that the union referral process has impeded the Seller's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area that expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Seller's employment needs, especially those programs funded or approved by the Department of Labor. The Seller shall provide notice of these programs to the sources compiled under subparagraph (g)(2) above.

(6) Disseminate the Seller's equal employment policy by--

(i) Providing notice of the policy to unions and to training, recruitment, and outreach programs, and requesting their cooperation in assisting the Seller in meeting its contract obligations;

(ii) Including the policy in any policy manual and in collective bargaining agreements;

(iii) Publicizing the policy in the company newspaper, annual report, etc.;

(iv) Reviewing the policy with all management personnel and with all minority and female employees at least once a year; and

(v) Posting the policy on bulletin boards accessible to employees at each location where construction work is performed.

(7) Review, at least annually, the Seller's equal employment policy and affirmative action obligations with all employees having responsibility for hiring, assignment, layoff, termination, or other employment decisions. Conduct review of this policy with all onsite supervisory personnel before initiating construction work at a job site. A written record shall be made and maintained identifying the time and place of these meetings, persons

attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Seller's equal employment policy externally by including it in any advertising in the news media, specifically including minority and female news media. Provide written notification to, and discuss this policy with, other Sellers and subcontractors with which the Seller does or anticipates doing business.

(9) Direct recruitment efforts, both oral and written, to minority, female, and community organizations, to schools with minority and female students, and to minority and female recruitment and training organizations serving the Seller's recruitment area and employment needs. Not later than 1 month before the date for acceptance of applications for apprenticeship or training by any recruitment source, send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit minority persons and women. Where reasonable, provide after-school, summer, and vacation employment to minority and female youth both on the site and in other areas of the Seller's workforce.

(11) Validate all tests and other selection requirements where required under 41 CFR 60-3.

(12) Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities. Encourage these employees to seek or to prepare for, through appropriate training, etc., opportunities for promotion.

(13) Ensure that seniority practices, job classifications, work assignments, and other personnel practices do not have a discriminatory effect by continually monitoring all personnel and employment-related activities to ensure that the Seller's obligations under this contract are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Maintain a record of solicitations for subcontracts for minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least annually, of all supervisors' adherence to and performance under the Seller's equal employment policy and affirmative action obligations.

(h) The Seller is encouraged to participate in voluntary associations that may assist in fulfilling one or more of the affirmative action obligations contained in subparagraphs (g)(1) through (16). The efforts of a contractor association, joint contractor-union, contractor-community, or similar group of which the Seller is a member and participant may be asserted as fulfilling one or more of its obligations under subparagraphs (g)(1) through (16), provided the Seller--

(1) Actively participates in the group;

(2) Makes every effort to ensure that the group has a positive impact on the employment of minorities and women in the industry;

(3) Ensures that concrete benefits of the program are reflected in the Seller's minority and female workforce participation;

(4) Makes a good-faith effort to meet its individual goals and timetables; and

(5) Can provide access to documentation that demonstrates the effectiveness of actions taken on behalf of the Seller. The obligation to comply is the Seller's, and failure of such a group to fulfill an obligation shall not be a defense for the Seller's noncompliance.

(i) A single goal for minorities and a separate single goal for women shall be established. The Seller is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and nonminority. Consequently, the Seller may be in violation of Executive Order 11246, as amended, if a particular group is employed in a substantially disparate manner.

(j) The Seller shall not use goals or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

(k) The Seller shall not enter into any subcontract with any person or firm debarred from Government contracts under Executive Order 11246, as amended.

(l) The Seller shall carry out such sanctions and penalties for violation of this clause and of the Equal Opportunity clause, including suspension, termination, and cancellation of existing subcontracts, as may be imposed or ordered under Executive Order 11246, as amended, and its implementing regulations, by the OFCCP. Any failure to carry out these sanctions and penalties as ordered shall be a violation of this clause and Executive Order 11246, as amended.

(m) The Seller in fulfilling its obligations under this clause shall implement affirmative action procedures at least as extensive as those prescribed in paragraph (g) above, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Seller fails to comply with the requirements of Executive Order 11246, as amended, the implementing regulations, or this clause, the Director shall take action as prescribed in 41 CFR 60-4.8.

(n) The Seller shall designate a responsible official to--

(1) Monitor all employment-related activity to ensure that the Seller's equal employment policy is being carried out;

(2) Submit reports as may be required by FERMCO or the Government; and

(3) Keep records that shall at least include for each employee the name, address, telephone number, construction trade, union affiliation (if any), employee identification number, social security number, race, sex, status (e.g., mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, separate records are not required to be maintained.

(o) Nothing contained herein shall be construed as a limitation upon the application of other laws that establish different standards of compliance or upon the requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

SECTION D
SECTION D APPLIES IF THE PRICE OF THE CONTRACT EXCEEDS \$25,000

D.1 FAR 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (SEP 1990)

(a) FERMCO, at its election, may reduce the price of a fixed-price type contract or contract modification and the total cost and fee under a cost-type contract or contract modification by the amount of profit or fee determined as set forth in paragraph (b) of this clause if the head of the contracting activity or his or her designee determines that there was a violation of subsection 27(a) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in the FAR. In the case of a contract modification, the fee subject to reduction is the fee specified in the particular contract modification at the time of execution, except as provided in subparagraph (b)(5) of this clause.

(b) The price or fee reduction referred to in paragraph (a) of this clause shall be --

(1) For cost-plus-fixed-fee contracts, the amount of the fee specified in the contract at the time of award;

(2) For cost-plus-incentive-fee contracts, the target fee specified in the contract at the time of award, notwithstanding any minimum fee or "fee floor" specified in the contract.

(3) For cost-plus-award-fee contracts --

(i) The basic fee established in the contract at the time of contract award;

(ii) If no basic fee is specified in the contract, 30 percent of the amount of each award fee otherwise payable to the Seller for each award fee evaluation period or at each award fee determination point.

(4) For fixed-price-incentive contracts, the

FERMCO may --

(i) Reduce the contract target price and contract target profit both by an amount equal to the initial target profit specified in the contract at the time of contract award; or

(ii) If an immediate adjustment to the contract target price and contract target profit would have a significant adverse impact on the incentive price revision relationship under the contract, or adversely affect the contract financing provisions, FERMCO may defer such adjustment until establishment of the total final price of the contract. The total final price established in accordance with the incentive price revision provisions of the contract shall be reduced by an amount equal to the initial target profit specified in the contract at the time of contract award and such reduced price shall be the total final contract price.

(5) For firm-fixed-price contracts or contract modifications, by 10 percent of the initial contract price; 10 percent of the contract modification price; or a profit amount determined by FERMCO from records or documents in existence prior to the date of the contract award or modification.

(c) FERMCO may, at its election, reduce a Seller's price or fee in accordance with the procedures of paragraph (b) of this clause for violations of the Act by its subcontractors by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was first definitively priced.

(d) In addition to the remedies in paragraphs (a) and (c) of this clause, FERMCO may terminate this contract for default. The rights and remedies of FERMCO specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this contract.

D.2 FAR 52.208-1 REQUIRED SOURCES FOR JEWEL BEARINGS AND RELATED ITEMS (APR 1984)

(a) This clause applies only if supplies furnished under this contract contain jewel bearings or related items.

(b) "Jewel bearing," as used in this clause, means a piece of synthetic corundum (sapphire or ruby) of any shape, except a phonograph needle, that has one or more polished surfaces to provide supporting surfaces or low-friction contact areas for revolving, oscillating, or sliding parts in an instrument, mechanism, subassembly, or part. A jewel bearing may be unmounted or may be mounted into a ring or bushing. Examples are watch holes-olive, watch hole-straight, pallet stones, roller jewels (jewel pins), endstones (caps), vee (cone) jewels, instrument rings, cups, and double cups.

"Plant," as used in this clause, means the U.S. Government owned, contractor-operated William Langer Plant, Rolla, North Dakota 58367 (Phone: 701-477-3193).

"Price list," as used in this clause, means the U.S. Government Jewel Bearing Price List, published periodically by the General Services Administration for jewel bearings produced by the Plant.

"Related item," as used in this clause, means a piece of synthetic corundum (sapphire or ruby), other than a jewel bearing, that (1) is made from material produced by the Verneuil flame fusion process, (2) has a geometric shape up to a maximum of 1 inch in any dimension, (3) requires extremely close tolerances and highly polished surfaces identical to those involved in manufacturing jewel bearings, and (4) is either mounted in a retaining or supporting structure or unmounted. Examples are window, nozzle, guide, knife edge, knife edge plate, insulator domed pin, slotted insulator, sphere, ring gauge, spacer, disc, valve seat, rod, vee groove, D-shaped insulator, and notched plate.

(c) All jewel bearings and related items required for the supplies to be furnished under this contract (or an equal quantity of the same type, size, and tolerances) shall be acquired from the following sources: jewel bearings from the Plant, unless the Plant declines or rejects the order; and related items from domestic manufacturers, including the plant, if the items can be obtained from those sources. Sources other than the foregoing may be used if the foregoing sources decline or reject the order.

(1) Orders may be placed with the Plant for individual contracts, for a combination of contracts, or for stock. If the order is for an individual contract, the prime contract number DE-ACO5-920R21972 shall be placed on it.

(2) Orders, and any supplements to orders, for items listed in the price list shall refer to the most recent price list and its date.

(3) Requests for quotations for items not listed in the price list should be accompanied by drawings and forwarded to the Plant as soon as possible to ensure prompt quotation or rejection of the order.

(d) At its option, the Plant may decline or reject all or part of a Seller's or subcontractor's order. If the order is declined or rejected, the Seller shall notify FERMCO promptly in writing, enclosing a copy of the rejection notice. Unless the declination or rejection has been caused by current excessive and overdue Seller indebtedness to the Plant as determined by the Plant, FERMCO shall evaluate the impact and make an equitable adjustment in the contract price, in the delivery schedule, or in both, if one is warranted. This procedure shall also apply to orders for related items rejected by any other domestic manufacturer.

(e) The Seller agrees to insert this clause, including this paragraph (e), and the prime contract number in every subcontract unless the Seller has positive knowledge that the subassembly, component, or part being purchased does not contain jewel bearings or related items.

D.3 FAR 52.209-6 PROTECTING FERMCO AND THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH SUBCONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1991)

(a) The Government suspends or debar Subcontractors to protect its interests. The Seller shall not enter into any subcontract in excess of the small purchase limitation at FAR 13.000 with a subcontractor that has been debarred, suspended, or proposed for debarment unless there is a compelling reason to do so.

(b) The Seller shall require each proposed first-tier subcontractor, whose subcontract will exceed the small purchase limitation at FAR 13.000, to disclose to the Seller, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Government.

(c) A corporate officer or a designee of the Seller shall notify FERMCO, in writing, before entering into a subcontract with a party that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the List of Parties Excluded from Procurement Programs). The notice must include the following:

(1) The name of the subcontractor.

(2) The Seller's knowledge of the reasons for the subcontractor being on the List of Parties Excluded from Procurement Programs.

(3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion on the List of Parties Excluded From Procurement Programs.

(4) The systems and procedures the Seller has established to ensure that it is fully protecting FERMCO's and the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

D.4 FAR 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS (FEB 1990)

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its Sellers and subcontractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals.

(b) The Seller hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Seller further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration, FERMCO, or the DOE or as may be necessary to determine the extent of the Seller's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern (1) which is at least 51 percent unconditionally owned by one or more socially and economically disadvantaged

individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and (2) whose management and daily business operations are controlled by one or more of such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian Organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members or an economically disadvantaged Indian tribe or Native Hawaiian Organization, and which meets the requirements of 13 CFR 124. The Seller shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8 (a) of the Small Business Act. The Seller shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian Organizations.

(d) Sellers acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

D.5 FAR 52.219-13 UTILIZATION OF WOMEN-OWNED SMALL BUSINESSES (AUG 1986)

(a) "Women-owned small businesses," as used in this clause, means small business concerns that are at least 51 percent owned by women who are United States citizens and who also control and operate the business.

"Control," as used in this clause, means exercising the power to make policy decisions.

"Operate," as used in this clause, means being actively involved in the day-to-day management of the business.

"Small business concern," as used in this clause, means a concern including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on FERMCO contracts, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) It is the policy of the United States that women-owned small businesses shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.

(c) The Seller agrees to use its best efforts to give women-owned small businesses the maximum practicable opportunity to participate in the subcontracts it awards to the fullest extent consistent with the efficient performance of its contract.

(d) The Seller may rely on written representations by its subcontractors regarding their status as women-owned small businesses.

D.6 FAR 52.220-3 UTILIZATION OF LABOR SURPLUS AREA CONCERNS (APR 1984)

(a) Applicability. This clause is applicable if this contract exceeds the appropriate small purchase limitation in Part 13 of the Federal Acquisition Regulation.

(b) Policy. It is the policy of FERMCO to award contracts to concerns that agree to perform substantially in labor surplus areas (LSA's) when this can be done consistent with the efficient performance of the contract and at prices no higher than are obtainable elsewhere. The Seller agrees to use its best efforts to place subcontracts in accordance with this policy.

(c) Order of preference. In complying with paragraph (b) above and with paragraph (c) of the clause of this contract entitled "Utilization of Small

Business Concerns and Small Disadvantaged Business Concerns," the Seller shall observe the following order of preference in awarding subcontracts;

- (1) small business concerns that are LSA concerns,
- (2) other small business concerns, and
- (3) other LSA concerns.

(d) Definitions. "Labor surplus area," as used in this clause, means a geographical area identified by the Department of Labor in accordance with 20 CFR 654, Subpart A, as an area of concentrated unemployment or underemployment or an area of labor surplus.

"Labor surplus area concern," as used in this clause, means a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.

D.7 FAR 52.232-17 INTEREST (JAN 1991)

(a) Notwithstanding any other clause of this contract, all amounts, except amounts that are repayable and which bear interest under a Price Reduction for Defective Cost or Pricing Data clause, that become payable by the Seller to FERMCO under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due. The interest rate shall be the interest rate established by the Secretary of the Treasury, which is applicable to the period in which the amount becomes due, as provided in paragraph (b) of this clause, and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.

(b) Amounts shall be due at the earliest of the following dates:

- (1) The date fixed under this contract.
- (2) The date of the first written demand for payment consistent with this contract, including any demand resulting from a default termination.
- (3) The date FERMCO transmits to the Seller a proposed supplemental agreement to confirm completed negotiations establishing the amount of debt.
- (4) If this contract provides for revision of prices, the date of written notice to the Seller stating the amount of refund payable in connection with a pricing proposal or a negotiated pricing agreement not confirmed by contract modification.

(c) The interest charge made under this clause may be reduced under the procedures prescribed in 32.614-2 of the Federal Acquisition Regulation in effect of the date of this contract.

D.8 FAR 52.242-13 BANKRUPTCY (APR 1991)

In the event the Seller enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Seller agrees to furnish, by certified mail, written notification of the bankruptcy to the FERMCO President. This notification shall be furnished within five days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of FERMCO Contract numbers and contracting offices for all FERMCO contracts against which final payment has not been made. This obligation remains in effect until final payment under this contract.

D.9 FAR 52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS (APR

1984)

(a) "International air transportation," as used in this clause, means transportation by air between a place in the United States and a place outside the United States or between two places both of which are outside the United States.

"United States," as used in this clause, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States.

"U.S. flag air carrier," as used in this clause, means an air carrier holding a certificate under section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371).

(b) Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1517)(Fly America Act) requires that all Federal agencies, FERMCO and Seller use U.S.-flag air carriers for U.S. Government-financed international air transportation of personnel (and their personal effects) or property, to the extent that service by those carriers is available. It requires the Comptroller General of the United States, in the absence of satisfactory proof of the necessity for foreign-flag air transportation, to disallow expenditures from funds, appropriated or otherwise established for the account of the United States, for international air transportation secured aboard a foreign-flag air carrier if a U.S.-flag air carrier is available to provide such services.

(c) The Seller agrees, in performing work under this contract, to use U.S.-flag air carriers for international air transportation of personnel (and their personal effects) or property to the extent that services by those carriers is available.

(d) In the event that the Seller selects a carrier other than a U.S.-flag air carrier for international air transportation, the Seller shall include a certification on vouchers involving such transportation essentially as follows:

CERTIFICATION OF UNAVAILABILITY OF U.S.-FLAG AIR CARRIERS

**I hereby certify that international air transportation of persons (and their personal effects) or property by U.S.-flag air carrier was not available or it was necessary to use foreign-flag air carrier service for the following reasons (see section 47.403 of the Federal Acquisition Regulation); State reasons:.....
(End of certification)**

(e) The Seller shall include the substance of this clause, including the paragraph (e), in each subcontract or purchase order under this contract that may involve international air transportation.

D.10 FAR 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS (APR 1984)

(a) The Cargo Preference Act of 1954 (46 U.S.C. 1241(b)) requires that Federal departments and agencies shall transport in privately owned U.S.-flag commercial vessels at least 50 percent of the gross tonnage of equipment, materials, or commodities that may be transported in ocean vessels (computed separately for dry bulk carriers, dry cargo liners, and tankers). Such transportation shall be accomplished when any equipment, materials, or commodities, located within or outside the United States, that may be transported by ocean vessel are:

- (1) Acquired for a U.S. Government Agency account;
- (2) Furnished to, or for the account of, any foreign nation without provision for reimbursement;
- (3) Furnished for the account of a foreign nation in connection with which the United States advances funds or credits, or guarantees the convertibility of foreign currencies; or
- (4) Acquired with advance of funds, loans, or guarantees

made by or on behalf of the United States.

(b) The Seller shall use privately owned U.S.-flag commercial vessels to ship at least 50 percent of the gross tonnage involved under this Contract (computed separately for dry bulk carriers, dry cargo liners, and tankers) whenever shipping any equipment, materials, or commodities under the conditions set forth in paragraph (a) above, to the extent that such vessels are available at rates that are fair and reasonable for privately owned U.S.-flag commercial vessels.

(c) (1) The Seller shall submit one legible copy of a rated on-board ocean bill of lading for each shipment to both (i) FERMCO and (ii) the Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590. Subcontractor bills of lading shall be submitted through the Seller.

(2) The Seller shall furnish these bill of lading copies (i) within 20 working days of the date of loading for shipment originating in the United States or (ii) within 30 working days for shipments originating outside the United States. Each bill of lading copy shall contain the following information:

- (A) Sponsoring U.S. Government agency.
- (B) Name of vessel.
- (C) Vessel flag of registry.
- (D) Date of loading.
- (E) Port of loading.
- (F) Port of final discharge.
- (G) Description of commodity.
- (H) Gross weight in pounds and cubic feet if available.
- (I) Total ocean freight revenue in U.S. dollars.

(d) Except for small purchases as described in 48 CFR 13, the Seller shall insert the substance of this clause, including this paragraph (d), in all subcontracts or purchase orders under this contract.

(e) The requirement in paragraph (a) does not apply to--

- (1) Small purchases as defined in 48 CFR 13;
 - (2) Cargoes carried in vessels of the Panama Canal Commission or as required or authorized by law or treaty;
 - (3) Ocean transportation between foreign countries of supplies purchased with foreign currencies made available, or derived from funds that are made available, under the Foreign Assistance Act of 1961 (22 U.S.C. 2353); and
 - (4) Shipments of classified supplies when the classification prohibits the use of non-Government vessels.
- (f) Guidance regarding fair and reasonable rates for privately owned U.S.-flag commercial vessels may be obtained from the Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, DC 20590, Phone: 202-426-4610.

(b) "Jewel bearing," as used in this clause, means a piece of synthetic corundum (sapphire or ruby) of any shape, except a phonograph needle, that has one or more polished surfaces to provide supporting surfaces or low-friction contact areas for revolving, oscillating, or sliding parts in an instrument, mechanism, subassembly, or part. A jewel bearing may be unmounted or may be mounted into a ring or bushing. Examples are watch holes-olive, watch hole-straight, pallet stones, roller jewels (jewel pins), endstones (caps), vee (cone) jewels, instrument rings, cups, and double cups.

"Plant," as used in this clause, means the Government-owned, contractor-operated William Langer Plant, Rolla, North Dakota 58367 (Phone: 701-477-3193).

"Price list," as used in this clause, means the U.S. Government Jewel Bearing Price List, published periodically by the General Services Administration for jewel bearings produced by the Plant.

"Related item," as used in this clause, means a piece of synthetic corundum (sapphire or ruby), other than a jewel bearing, that (1) is made from material produced by the Verneuil flame fusion process, (2) has a geometric shape up to a maximum of 1 inch in any dimension, (3) requires extremely close tolerances and highly polished surfaces identical to those involved in manufacturing jewel bearings, and (4) is either mounted in a retaining or supporting structure or unmounted. Examples are window, nozzle, guide, knife edge, knife edge plate, insulator domed pin, slotted insulator, sphere, ring gauge, spacer, disc, valve seat, rod, vee groove, D-shaped insulator, and notched plate.

(c) All jewel bearings and related items required for the supplies to be furnished under this contract (or an equal quantity of the same type, size, and tolerances) shall be acquired from the following sources: jewel bearings from the Plant, unless the Plant declines or rejects the order; and related items from domestic manufacturers, including the Plant, if the items can be obtained from those sources. Sources other than the foregoing may be used if the foregoing sources decline or reject the order.

(1) Orders may be placed with the Plant for individual contracts, for a combination of contracts, or for stock. If the order is for an individual contract, the prime contract number DE-ACO5-920R21972 shall be placed on it.

(2) Orders, and any supplements to orders, for items listed in the price list shall refer to the most recent price list and its date.

(3) Requests for quotations for items not listed in the price list should be accompanied by drawings and forwarded to the Plant as soon as possible to ensure prompt quotation or rejection of the order.

D.11 FAR 52.215-26 INTEGRITY OF UNIT PRICES AND ALTERNATE I (APR 1991)

(a) Any proposal submitted for the negotiation of prices for items of supplies shall distribute costs within contracts on a basis that ensures that unit prices are in proportion to the items' base cost (e.g., manufacturing or acquisition costs). Any method of distributing costs to line items that distorts unit prices shall not be used. For example, distributing costs equally among line items is not acceptable except when there is little or no variation in base cost. Nothing in this paragraph requires submission of cost or pricing data not otherwise required by law or regulation.

(b) The requirement in paragraph (a) of this clause does not apply to any contract or subcontract item of supply for which the unit price is, or is based on, an established catalog or market price for a commercial item sold in substantial quantities to the general public. A price is based on a catalog or market price only if the item being purchased is sufficiently similar to the catalog or market price commercial item to ensure that any difference in price can be identified and justified without resort to cost analysis.

(d) The Seller shall insert the substance of this clause, in all subcontracts.

Alternate I (APR 1991)

Substitute the following paragraph (c) if the contract is not the result of full and open competition.

(c) The Seller shall also identify those supplies which it will not manufacture or to which it will not contribute significant value. This information is not required for commercial items sold in substantial quantities to the general public when the price is, or is based on, established catalog or market prices.

D.12 FAR 28.102-2 PERFORMANCE AND PAYMENT BONDS

(a) Performance bonds. If the contract price is in excess of \$25,000, the Seller shall furnish a performance bond with good and sufficient surety or sureties acceptable to FERMCO in connection with the performance of the work under this contract on U.S. Standard Form 25, as modified for Seller's use. The penal amount of performance bonds shall be 100% of the original contract price, unless FERMCO determines that a lesser amount would be adequate for the protection of FERMCO.

(b) Payment bonds. If the contract price is in excess of \$25,000, the Seller shall furnish a performance bond with good and sufficient surety or sureties acceptable to FERMCO in connection with the performance of the work under this contract on U.S. Standard Form 25, as modified for Seller's use. The penal amount of payment bonds shall equal to --

(i) 50 percent of the contract price if the contract price is not more than \$1 million;

(ii) 40 percent of the contract price if the contract price is more than \$1 million but not more than \$5 million; or

(iii) \$2 1/2 million if the contract price is more than \$5 million.

(c) Form and Number of Copies of Bonds. The performance and payment bonds shall be submitted in original only on the respective bond forms, and completed and executed in accordance with the instructions contained thereon.

(d) Sureties. Corporate sureties must be listed in the current issue of the Department of Treasury Circulate 570 entitled "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and Acceptable Reinsurance Companies."

(e) Time for Submission of Bonds. Any required performance and payment bonds shall be submitted before the start of any work at the site and within 10 calendar days after the award of the contract.

(f) Additional bond Security. The Seller shall promptly furnish additional security required to protect FERMCO, and persons supplying labor or materials under this contract if:

(1) Any surety upon any bond furnished with this contract becomes unacceptable to FERMCO.

(2) Any surety fails to furnish reports on its financial condition as required by FERMCO; or

(3) The contract price is increased so that the penal amount of any bond becomes inadequate in the opinion of FERMCO.

D.13 DEAR 970.5204-58 WORKPLACE SUBSTANCE ABUSE PROGRAMS AT DOE SITES (AUG 1992)

(a) Program Implementation. The Seller shall, consistent with 10 CFR Part 707, Workplace Substance Abuse Programs at DOE Sites, incorporated herein by reference with full force and effect, develop, implement, and maintain a workplace substance abuse program.

(b) Remedies. In addition to any other remedies available to FERMCO and the Government, the Seller's failure to comply with the requirements of 10 CFR Part 707 or to perform in a manner consistent with its approved program may render the Seller subject to: the suspension of contract payments, or, where applicable, a reduction in award fee; termination for default; and suspension or debarment.

(c) Subcontracts.

(1) The Seller agrees to notify FERMCO reasonably in advance of, but not later than 30 days prior to, the award of any lower-tier subcontract the Seller believes may be subject to the requirements of 10 CFR Part

707.

(2) The Seller shall develop and implement a workplace substance abuse program that complies with the requirements of 10 CFR Part 707, Workplace Substance Abuse Programs at DOE Sites, as a condition for award of the contract. FERMCO shall periodically monitor each Seller's implementation of the program for effectiveness and compliance with 10 CFR Part 707.

(3) The Seller agrees to include, and require the inclusion of, the requirements of this clause in all subcontracts, at any tier, that are subject to the provisions of 10 CFR Part 707.

SECTION E
SECTION E APPLIES IF THE PRICE OF THIS CONTRACT EXCEEDS \$100,000

E.1 FAR 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JAN 1990)

(a) Definitions.

"Agency" as used in this clause, means executive agency as defined in 2.101.

"Covered Federal action," as used in this clause, means any of the following Federal actions:

- (a) The awarding of any Federal contract.
- (b) The making of any Federal grant.
- (c) The making of any Federal loan.
- (d) The entering into of any cooperative agreement.
- (e) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (f) The contract award.

"Indian tribe" and "tribal organization" as used in this clause, have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B) and include Alaskan natives.

"Influencing or attempting to influence," as used in this clause, means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

"Local government," as used in this clause, means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

"Officer or employee of an agency," as used in this clause, includes the following individuals who are employed by an agency:

- (a) An individual who is appointed to a position in the Government under title 5, United States Code, including a position under a temporary appointment.
- (b) A member of the uniformed services, as defined in subsection 101(3), title 37, United States Code.
- (c) A special Government employee, as defined in section 202, title 18, United States Code.
- (d) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, United States Code, appendix 2.

"Person," as used in this clause, means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Reasonable compensation," as used in this clause, means with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.

"Reasonable payment," as used in this clause, means with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.

"Recipient," as used in this clause, includes the Seller and all Seller's subcontractors. This term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Regularly employed," as used in this clause, means, with respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for a least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

"State," as used in this clause, means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibitions.

(1) Section 1352 of title 31, United States Code, among other things, prohibits a recipient of a Federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan, the entering into of any cooperative agreement; or the modification of any Federal contract, grant, loan, or cooperative agreement.

(2) The Act also requires Sellers to furnish a disclosure if any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, or an officer or employee of Congress, or an employee of a Member of Congress in connection with a Federal contract, grant, loan, or cooperative agreement.

(3) The prohibitions of the Act do not apply under the following conditions:

(i) Agency and legislative liaison by own employees.

(A) The prohibition on the use of appropriated funds, in subparagraph (b)(1) of this clause, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action if the payment is for agency and legislative liaison activities nor directly related to a covered Federal action.

(B) For purposes of subdivision (b)(3)(i)(A) of this clause, providing any information specifically requested by an agency or Congress is permitted at any time.

(C) The following agency and legislative liaison activities are permitted at any time where they are not related to a specific solicitation for any covered Federal action:

(1) Discussing with an

agency the qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities.

(2) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(D) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered Federal action.

(1) Providing any information not specifically requested by necessary for an agency to make an informed decision about initiation of a covered Federal action;

(2) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(3) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.

(E) Only those services expressly authorized by subdivision (b)(3)(i)(A) of this clause are permitted under this clause.

(ii) Professional and technical services.

(A) The prohibition on the use of appropriated funds, in subparagraph (b)(1) of this clause, does not apply in the case of-

(1) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification or a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(2) Any reasonable payment to a person other than an officer or employee of a person requesting or receiving a covered Federal or an extension, continuation, renewal, amendment, or modification or a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(B) For purposes of subdivision (b)(3)(ii)(A) of this clause, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline. For example, drafting of a legal document accompanying a bid or proposal by a lawyer is allowable. Similarly, technical advice provided by an engineer on the performance or operational capability of a piece of equipment rendered directly in the negotiation of a contract is allowable. However, communications with the intent to influence made by a professional (such as a licensed lawyer) or a technical person (such as a licensed accountant) are not allowable under this section unless they provided advice and analysis directly applying their professional or technical expertise and unless the advice or analysis is rendered directly and solely in the preparation, submission or negotiation of a covered Federal action. Thus, for example, communications with the intent to influence made by a lawyer that do not provided legal advice or analysis directly and solely related to the legal aspects of his or her client's proposal, but generally advocate one proposal over another are not allowable under this section because the lawyer is not providing professional legal

services. Similarly communications with the intent to influence made by an engineer providing an engineering analysis prior to the preparation or submission of a bid or proposal are not allowable under this section since the engineer is providing technical services but not directly in the preparation, submission, or negotiation of a covered Federal action.

(C) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation and any other requirements in the actual award documents.

(D) Only those services expressly authorized by subdivision (b)(3)(ii)(A)(1) and (2) of this clause are permitted under this clause.

(E) The reporting requirements of FAR 3.803(a) shall not apply with respect to payments of reasonable compensation made to regularly employed officers or employees of a person.

(c) Disclosure.

(1) The Seller who requests or receives from an agency a Federal contract shall file with that agency a disclosure form, OMB Standard Form LLL, Disclosure of Lobbying Activities, if such person has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered Federal action), which would be prohibited under subparagraph (b)(1) of this clause, if paid for with appropriated funds.

(2) The Seller shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any disclosure form previously filed by such person under subparagraph (c)(1) of this clause. An event that materially affects the accuracy of the information reported includes-

(i) A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action; or

(ii) A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

(iii) A change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

(3) The Seller shall require the submittal of a certification, and if required, a disclosure form by any person which requests or received any subcontract exceeding \$100,000 under the Federal contract.

(4) All subcontractor disclosure forms (but not certifications) shall be forwarded from tier to tier until received by Seller. Seller shall submit all disclosures to FERMCO at the end of the calendar quarter in which the disclosure form is submitted by the Seller. Each subcontractor certification shall be retained in the contract file of the Seller.

(d) Agreement. The Seller agrees not to make any payment prohibited by the clause.

(e) Penalties.

(1) Any person who makes an expenditure prohibited under paragraph (a) of this clause or who fails to file or amend the disclosure form to be filed or amended by paragraph (b) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent FERMCO from seeking any other remedy that may be applicable.

(2) Sellers may rely without liability on the representation made by their subcontractors in the certification and disclosure form.

(f) Cost allocability. Nothing in this clause makes allowable or reasonable any cost which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any other provision.

E.2 FAR 52.214-26 AUDIT -- SEALED BIDDING (APR 1985)

(a) Cost or pricing data. If the Seller has submitted cost or pricing data in connection with the pricing of any modification to this contract, unless the pricing was based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, FERMCO or a representative shall have the right to examine and audit all books, records, documents, and other data of the Seller (including computations and projections) related to negotiating, pricing or performing the modification, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data. In the case of pricing any modification, the Comptroller General of the United States or a representative of FERMCO shall have the same rights.

(b) Availability. The Seller shall make available at its office at all reasonable times the materials described in paragraph (a) above, for examination, audit, or reproduction, until 3 years after final payment under this contract, or for any other period specified in Subpart 4.7 of the Federal Acquisition Regulation (FAR). FAR Subpart 4.7, Seller Records Retention, in effect on the date of this contract, is incorporated by reference in its entirety and made a part of this contract.

(1) If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement.

(2) Records pertaining to litigation or the settlement of claims arising under or relating to the performance of this contract shall be made available until disposition of such litigation or claims.

(c) The Seller shall insert a clause containing all the provisions of this clause, including this paragraph (c), in all subcontracts over \$10,000 under this contract, altering the clause only as necessary to identify properly the contracting parties.

E.3 FAR 52.214-27 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA --MODIFICATIONS -- SEALED BIDDING (DEC 1991)

(a) This clause shall become operative only for any modification to this contract involving aggregate increases and/or decreases in costs, plus applicable profits, of more than \$100,000, except that this clause does not apply to any modification for which the price is --

(1) Based on adequate price competition;

(2) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(3) Set by law or regulation.

(b) If any price, including profit, negotiated in connection with any modification under this clause, was increased by any significant amount because (1) the Seller or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, (2) a subcontractor or prospective subcontractor furnished the Seller cost or pricing data that were not complete, accurate, and current as certified in the Seller's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price shall be reduced accordingly and the contract shall be modified to reflect the reduction. This right to a price reduction is limited to that resulting from defects in data relating to modifications for which this clause becomes operative under paragraph (a) above.

(c) Any reduction in the contract price under paragraph (b) above due to defective data from a prospective subcontractor that was not subsequently

awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Seller, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Seller; provided, that the actual subcontract price was not itself affected by defective cost or pricing data.

(d) (1) If FERMCO determines under paragraph (b) of this clause that a price or cost reduction should be made, the Seller agrees not to raise the following matters as a defense --

(i) The Seller or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted;

(ii) FERMCO should have known that the cost or pricing data in issue were defective even though the Seller or subcontractor took no affirmative action to bring the character of the data to the attention of the FERMCO.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract; or

(iv) The Seller or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2)(i) Except as prohibited by subdivision (d)(2)(ii) of this clause, an offset in an amount determined appropriate by the FERMCO based upon the facts shall be allowed against the amount of a contract price reduction if --

(A) The Seller certifies to FERMCO that, to the best of the Seller's knowledge and belief, the Seller is entitled to the offset in the amount requested; and

(B) The Seller proves that the cost or pricing data were available before the date of agreement on the price of the contract (or price of the modification) and that the data were not submitted before such date.

(ii) An offset shall not be allowed if --

(A) The understated data was known by the Seller to be understated when the Certificate of Current Cost or Pricing Data was signed; or

(B) The Government proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the date of agreement on price.

(e) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable to and shall pay FERMCO at the time such overpayment is repaid.

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date FERMCO is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(a)(2).

E.4 FAR 52.214-28 SELLER COST OR PRICING DATA -- MODIFICATIONS -- SEALED BIDDING (DEC 1991)

(a) The requirements of paragraphs (b) and (c) of this clause shall (1) become operative only for any modification to this contract involving aggregate increases and/or decreases in costs, plus applicable profits, expected to exceed \$100,000. (2) be limited to such modifications.

(b) Before awarding any contract expected to exceed \$100,000 when entered into, or pricing any subcontract modification involving aggregate increases

and/or decreases in costs, plus applicable profits, expected to exceed \$100,000, the Seller shall require the subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless the price is --

(1) Based on adequate price competition;

(2) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(3) Set by law or regulation.

(c) The Seller shall require its subcontractor(s) to certify in substantially the form prescribed in subsection 15.804-4 of the Federal Acquisition Regulation that, to the best of its knowledge and belief, the data submitted under paragraph (b) above were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(d) The Seller shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds \$100,000, when entered into.

E.5 FAR 52.215-22 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (JAN 1991)

(a) If any price, including profit or fee, negotiated in connection with this contract, or any cost reimbursable under this contract, was increased by any significant amount because (1) the Seller or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, (2) a Seller or prospective subcontractor furnished the Seller cost or pricing data that were not complete, accurate, and current as certified in the Seller's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction.

(b) Any reduction in the contract price under paragraph (a) above due to defective data from a prospective Seller that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Seller, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the Seller; provided that the actual subcontract price was not itself affected by defective cost or pricing data.

(c) (1) If FERMCO determines under paragraph (a) of this clause that a price or cost reduction should be made, the Seller agrees not to raise the following matters as a defense:

(i) The Seller or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the contract would not have been modified even if accurate, complete, and current cost or pricing data had been submitted.

(ii) FERMCO should have known that the cost or pricing data in issue were defective even though the Seller or subcontractor took no affirmative action to bring the character of the data to the attention of FERMCO.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract.

(iv) The Seller or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2) (i) Except as prohibited by subdivision (c)(2)(ii) of this clause, an offset in an amount determined appropriate by FERMCO based upon the facts shall be allowed against the amount of a contract price reduction if-

(A) The Seller certifies to FERMCO that, to the best of the Seller's knowledge and belief, the Seller is entitled to the offset

in the amount requested; and

(B) The Seller proves that the cost or pricing data were available before the date of agreement on the price of the contract (or price of the modification) and that the data were not submitted before such date.

(ii) An offset shall not be allowed if-

(A) The understated data was known by the Seller to be understated when the Certificate of Current Cost or Pricing Data was signed; or

(B) FERMCO proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the date of agreement on price.

(d) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable to and shall pay FERMCO at the time such overpayment is repaid--

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date FERMCO is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621(A)(2); and

E.6. FAR 52.215-23 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA-MODIFICATIONS (DEC 1991)

(a) This clause shall become operative only for any modification to this contract involving a pricing adjustment expected to exceed \$100,000, except that this clause does not apply to any modification for which the price is-

(1) Based on adequate price competition;

(2) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(3) Set by Law or regulation.

(b) If any price, including profit or fee, negotiated in connection with any modification under this clause, or any cost reimbursable under this contract, was increased by any significant amount because (1) the Seller or a subcontractor furnished cost or pricing data that were not complete, accurate, and current as certified in its Certificate of Current Cost or Pricing Data, or (2) a Seller or prospective subcontractor furnished the Seller cost or pricing data that were not complete, accurate, and current as certified in the Seller's Certificate of Current Cost or Pricing Data, or (3) any of these parties furnished data of any description that were not accurate, the price or cost shall be reduced accordingly and the contract shall be modified to reflect the reduction. This right to a price reduction is limited to that resulting from defects in data relating to modifications for which this clause becomes operative under paragraph (a) of this clause.

(c) Any reduction in the contract price under paragraph (b) of this clause due to defective data from a prospective subcontractor that was not subsequently awarded the subcontract shall be limited to the amount, plus applicable overhead and profit markup, by which (1) the actual subcontract or (2) the actual cost to the Seller, if there was no subcontract, was less than the prospective subcontract cost estimate submitted by the subcontractor; provided, that the actual subcontract price was not itself affected by defective cost or pricing data.

(d) (1) If FERMCO determines under paragraph (b) of this clause that a price or cost reduction should be made, the Seller agrees not to raise the following matters as a defense:

(i) The Seller or subcontractor was a sole source supplier or otherwise was in a superior bargaining position and thus the price of the

contract would not have been modified even if accurate, complete, and current costs or pricing data had been submitted.

(ii) FERMCO should have known that the cost or pricing data in issue were defective even though the Seller or subcontractor took no affirmative action to bring the character of the data to the attention of FERMCO.

(iii) The contract was based on an agreement about the total cost of the contract and there was no agreement about the cost of each item procured under the contract; or

(iv) The Seller or subcontractor did not submit a Certificate of Current Cost or Pricing Data.

(2) (i) Except as prohibited by subdivision (d)(2)(ii) of this clause, an offset in an amount determined appropriate by FERMCO based upon the facts shall be allowed against the amount of a contract price reduction if-

(A) The Seller certifies to FERMCO that, to the best of the Seller's knowledge and belief, the Seller is entitled to the offset in the amount requested; and

(B) The Seller proves that the cost or pricing data were available before the date of agreement on the price of the contract (or price of the modification) and that the data were not submitted before such date.

(ii) An offset shall not be allowed if-

(A) The understated data was known by the Seller to be understated when the Certificate of Current Cost or Pricing Data was signed; or

(B) FERMCO proves that the facts demonstrate that the contract price would not have increased in the amount to be offset even if the available data had been submitted before the date of agreement on price.

(e) If any reduction in the contract price under this clause reduces the price of items for which payment was made prior to the date of the modification reflecting the price reduction, the Seller shall be liable to and shall pay FERMCO at the time such overpayment is repaid-

(1) Simple interest on the amount of such overpayment to be computed from the date(s) of overpayment to the Seller to the date FERMCO is repaid by the Seller at the applicable underpayment rate effective for each quarter prescribed by the Secretary of the Treasury under 26 U.S.C. 6621 (a)(2); and

E.7 FAR 52.215-24 SUBCONTRACTOR COST OR PRICING DATA (DEC 1991)

(a) Before awarding any contract expected to exceed \$100,000, when entered into, or before pricing any Seller modification involving a pricing adjustment expected to exceed \$100,000, the Seller shall require the Seller's subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless the price is--

(1) Based on adequate price competition;

(2) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(3) Set by law or regulations.

(b) The Seller shall require the Seller's subcontractor to certify in substantially the form prescribed in subsection 15.804-4 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted

under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.

(c) In each subcontract that exceeds \$100,000, when entered into, the Seller shall insert either--

(1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of cost or pricing data for the subcontract; or

(2) The substance of the clause at FAR 52.215-25, Subcontractor Cost or Pricing Data-Modifications.

E.8 FAR 52.215-25 SUBCONTRACTOR COST OR PRICING DATA-MODIFICATIONS (DEC 1991)

(a) The requirements of paragraphs (b) and (c) of this clause shall (1) become operative only for any modification to this contract involving a pricing adjustment expected to exceed \$100,000; and (2) be limited to such modifications.

(b) Before awarding any subcontract expected to exceed \$100,000, when entered into, or pricing any subcontract modification involving a pricing adjustment expected to exceed \$100,000, the Seller shall require the Seller's subcontractor to submit cost or pricing data (actually or by specific identification in writing), unless the price is--

(1) Based on adequate price competition;

(2) Based on established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(3) Set by law or regulation.

(c) The Seller shall require the subcontractor to certify in substantially the form prescribed in subsection 15.804-4 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph (b) of this clause were accurate, complete, and current as of the date of agreement of the negotiated price of the subcontract or subcontract modification.

(d) The Seller shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds \$100,000, when entered into.

E.9 FAR 52.223-2 CLEAN AIR AND WATER (APR 1984)

NOTE: This clause applies to this contract only if (a) it is expected to exceed \$100,000; (b) a facility to be used has been the subject of a conviction under the applicable portion of the Air Act (42 U.S.C. 7413(c)(1)) on the Water Act (33 U.S.C. 1319(c)) and is listed by Environmental Protection Agency (EPA) as a violating facility; or (c) the acquisition is not exempt under FAR 23.104.

(a) "Air Act," as used in this clause, means the Clean Air Act (42 U.S.C. 7401, et seq.).

"Clean air standards," as used in this clause means -

(1) Any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, work practices, or other requirements contained in, issued under, or otherwise adopted under the Air Act or Executive Order 11738;

(2) An applicable implementation plan as described in section 110(d) of the Air Act (42 U.S.C. 7412(d));

(3) An approved implementation procedure or plan under section 111(c) or section 111(d) of the Air Act (42 U.S.C. 7411(c) or (d)); or

(4) An approved implementation procedure under section 112(d) of the Air Act (42 U.S.C 7410(d)).

"Clean water standards," as used in this clause, means any enforceable limitation, control, condition, prohibition, standard, or other requirement promulgated under the Water Act or contained in a permit issued to a discharger by the EPA or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

"Compliance," as used in this clause, means compliance with--

(1) Clean air or water standards; or

(2) A schedule or plan ordered or approved by a court of competent jurisdiction, the EPA, or an air or water pollution control agency under the requirements of the Air Act or Water Act and related regulations.

"Facility," as used in this clause, means any building, plant, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Seller or Seller's subcontractor, used in the performance of a contract or subcontract. When a location or site of operations includes more than one building, plant, installation, or structure, the entire location or site shall be deemed a facility except when the Administrator, or a designee, of the EPA, determines that independent facilities are collocated in one geographical area.

"Water Act," as used in this clause, means Clean Water Act (33 U.S.C. 1251, et seq.).

(b) The Seller agrees--

(1) To comply with all the requirements of section 114 of the Clean Air Act (41 U.S.C. 7414) and section 308 of the Clean Water Act (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, and all regulations and guidelines issued to implement those acts before the award of this contract;

(2) That no portion of the work required by this contract will be performed in a facility listed on the EPA List of Violating Facilities on the date when this contract was awarded unless and until the EPA eliminates the name of the facility from the listing;

(3) To use best efforts to comply with clean air standards and clean water standards at the facility in which the contract is being performed; and

(4) To insert the substance of this clause into any nonexempt subcontract, including this subparagraph (b)(4).

SECTION F
SECTION F APPLIES IF THE PRICE OF THE CONTRACT EXCEEDS \$500,000

F.1 FAR 52.219-9 SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS SUBCONTRACTING PLAN (JAN 1991) AND ALTERNATE I (AUG 1989)

(a) This clause does not apply to small business concerns.

(b) "Commercial product," as used in this clause, means a product in regular production that is sold in substantial quantities to the general public and/or industry at established catalog or market prices. It also means a product which, in the opinion of FERMCO, differs only insignificantly from the Seller's commercial product.

"Subcontract," as used in this clause, means any agreement (other than one involving an employer-employee relationship) entered into by FERMCO and Seller or Seller's subcontractor calling for supplies or services required for performance of the contract or subcontract.

(c) The Seller, upon request by FERMCO, shall submit and negotiate a subcontracting plan, where applicable, which separately addresses subcontracting with small business concerns and small disadvantaged business concerns. If the seller is submitting an individual contract plan, the plan must separately address subcontracting with small business concerns and with small disadvantaged business concerns with a part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be negotiated within the time specified by FERMCO. Failure to submit and negotiate the subcontracting plan shall make the seller ineligible for award of a contract.

(d) The Seller's subcontracting plan shall include the following:

(1) Goals, expressed in terms of percentages of total planned subcontracting dollars, for the use of small business concerns and small disadvantaged business concerns as subcontractors. The Seller shall include all subcontracts that contribute to contract performance, and may include a proportionate share of products and services that are normally allocated as indirect costs.

(2) A statement of -

(i) Total dollars planned to be subcontracted;

(ii) Total dollars planned to be subcontracted to small business concerns; and

(iii) Total dollars planned to be subcontracted to small disadvantaged business concerns.

(3) A description of the principal types of supplies and services to be subcontracted, and an identification of the types planned for subcontracting to (i) small business concerns and (ii) small disadvantaged business concerns.

(4) A description of the method used to develop the subcontracting goals in (1) above.

(5) A description of the method used to identify potential sources for solicitation purposes (e.g., existing company source lists, the Procurement Automated Source System (PASS) of the Small Business Administration, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small and small disadvantaged business concerns trade associations).

(6) A statement as to whether or not the Seller included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with (i) small business concerns and (ii) small disadvantaged business concerns.

(7) The name of the individual employed by the Seller who will administer the Seller's subcontracting program, and a description of the duties of the individual.

(8) A description of the efforts the Seller will make to assure that small business concerns and small disadvantaged business concerns have an equitable opportunity to compete for subcontracts.

(9) Assurances that the Seller will include the clause in this contract entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that the Seller will require all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility), to adopt a plan similar to the plan agreed to by the Seller.

(10) Assurances that the Seller will (i) cooperate in any studies or surveys as may be required, (ii) submit periodic reports in order to allow FERMCO to determine the extent of compliance by the Seller with the subcontracting plan, (iii) submit Standard Form (SF) 294, Subcontracting Report, for individual contracts, and/or SF 295, Summary Subcontract Report, in accordance with the instructions on the forms, and (iv) ensure that its subcontractors agree to submit standard Forms 294 and 295.

(11) A recitation of the types of records the Seller will maintain to demonstrate procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of its efforts to locate small and small disadvantaged business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):

(i) Source lists, guides, and other data that identify small and small disadvantaged business concerns.

(ii) Organizations contacted in an attempt to locate sources that are small or small disadvantaged business concerns.

(iii) Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating (A) whether small business concerns were solicited and if not, why not, (B) whether small disadvantaged business concerns were solicited and if not, why not, and (C) if applicable, the reason award was not made to a small business concern.

(iv) Records of any outreach efforts to contact (A) trade associations, (B) business development organizations, and (C) conferences and trade fairs to locate small and small disadvantaged business sources.

(v) Records of internal guidance and encouragement provided to buyers through (A) workshops, seminars, training, etc., and (B) monitoring performance to evaluate compliance with the program's requirements.

(vi) On a contract-by-contract basis, records to support award data submitted by the Seller to FERMCO, including the name, address, and business size of each subcontractor. Sellers having company or division-wide annual plans need not comply with this requirement.

(e) In order to effectively implement this plan to the extent consistent

with efficient contract performance, the Seller shall perform the following functions:

(1) Assist small business and small disadvantaged business concerns by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Where the Seller's lists of potential small business and small disadvantaged subcontractors are excessively long, reasonable effort shall be made to give all such small business concerns an opportunity to compete over a period of time.

(2) Provide adequate and timely consideration of the potentialities of small business and small disadvantaged business concerns in all "make-or-buy" decisions.

(3) Counsel and discuss subcontracting opportunities with representatives of small and small disadvantaged business firms.

(4) Provide notice to subcontractors concerning penalties remedies for misrepresentations of business status as small business or small disadvantaged business for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the Seller's subcontracting plan.

(f) A master subcontracting plan on a plant or division-wide basis which contains all the elements required by (d) above, except goals, may be incorporated by reference as a part of the subcontracting plan required of the Seller by this clause; provided, (1) the master plan has been approved, (2) the Seller provides copies of the approved master plan and evidence of its approval to FERMCO, and (3) goals and any deviations from the master plan deemed necessary by FERMCO to satisfy the requirements of this contract are set forth in the individual subcontracting plan.

(g) (1) If a commercial product is offered, the subcontracting plan required by this clause may relate to the Seller's production generally, for both commercial and noncommercial products, rather than solely to FERMCO's contract. In these cases, the Seller shall, with the concurrence of FERMCO, submit one company-wide or division-wide annual plan.

(2) The annual plan shall be reviewed for approval by DOE through FERMCO which requires a subcontracting plan during the fiscal year, or by an agency satisfactory to FERMCO.

(3) The approved plan shall remain in effect during the Seller's fiscal year for all of the offeror's commercial products.

(h) Prior compliance of the Seller with other such subcontracting plans under previous contracts will be considered by FERMCO in determining the responsibility of the Seller for award of the contract.

(i) The failure of the Seller or the Seller's subcontractors to comply in good faith with (1) the clause of this contract entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns" or (2) an approved plan required by this clause shall be a material breach of the contract.

Alternate I (AUG 1989). When contracting by sealed bidding rather than by negotiation, substitute the following paragraph (c) for paragraph (c) of the basic clause:

(c) The apparent low bidder, upon request by FERMCO, shall submit a subcontracting plan, where applicable, which separately addresses subcontracting with small business concerns and with small disadvantaged business concerns. If the bidder is submitting an individual contract plan, the plan must separately address subcontracting with small business concerns and with small disadvantaged business concerns with a separate part for the basic contract and separate parts for each option (if any). The plan shall be included in and made a part of the resultant contract. The subcontracting plan shall be submitted within the time specified by FERMCO. Failure to submit the subcontracting plan shall make the bidder ineligible for the award of a contract.

F.2 FAR 52.219-16 LIQUIDATED DAMAGES-SMALL BUSINESS SUBCONTRACTING PLAN (AUG 1989)

(a) "Failure to make a good faith effort to comply with the subcontracting plan," as used in this clause, means a willful or intentional failure to perform in accordance with the requirements of the subcontracting plan approved under the clause in this contract entitled "Small Business and Small Disadvantaged Business Subcontracting Plan," or willful or intentional action to frustrate the plan.

(b) If, at contract completion, or in the case of a commercial products plan, at the close of the fiscal year for which the plan is applicable, the Seller has failed to meet its subcontracting goals and FERMCO decides in accordance with paragraph (c) of this clause that the Seller failed to make good faith effort to comply with its subcontracting plan, established in accordance with the clause in this contract entitled "Small and Small Disadvantaged Business Subcontracting plan," the Seller shall pay FERMCO liquidated damages in an amount stated. The amount of damages attributable to the Seller's failure to comply shall be an amount equal to the actual dollar amount by which the Seller failed to achieve each subcontract goal or, in the case of a commercial products plan, that portion of the dollar amount allocable to the FERMCO contracts by which the Seller failed to achieve each subcontract goal.

(c) Before FERMCO makes a final decision that the Seller has failed to make such good faith effort, FERMCO shall give the Seller written notice specifying the failure and permitting the subcontractor to demonstrate what good faith efforts have been made. Failure to respond to the notice may be taken as an admission that no valid explanation exists. If, after consideration of all the pertinent data, FERMCO finds that the Seller failed to make a good faith effort to comply with the subcontracting plan, FERMCO shall issue a final decision to that effect and require that the Seller pay FERMCO liquidated damages as provided in paragraph (b) of this clause.

(d) With respect to commercial products plans, i.e., company-wide or division-wide subcontracting plans approved under paragraph (g) of the clause in this contract entitled "Small Business and Small Disadvantaged Business Subcontracting Plan," FERMCO, who originally approved the plan, will exercise the functions under this clause on behalf of all agencies that awarded contracts covered by that commercial products plan.

(e) The Seller shall have the right of appeal, under the clause of this contract entitled "Disputes."

(f) Liquidated damages shall be in addition to any other remedies that FERMCO may have.

F.3 FAR 52.220-4 LABOR SURPLUS AREA SUBCONTRACTING PROGRAM (APR 1984)

(a) See the Utilization of Labor Surplus Area Concerns clause of this contract for applicable definitions.

(b) The Seller agrees to establish and conduct a program to encourage labor surplus area (LSA) concerns to compete for subcontracts within their capabilities when the subcontracts are consistent with the efficient performance of the contract at prices no higher than obtainable elsewhere. The Seller shall-

(1) Designate a liaison officer who will (i) maintain liaison with authorized representatives of the Government on LSA matters, (ii) supervise compliance with the Utilization of Labor Surplus Area Concerns clause, and (iii) administer the Seller's labor surplus area subcontracting program;

(2) Provide adequate and timely consideration of the potentialities of LSA concerns in all make-or-buy decisions;

(3) Ensure that LSA concerns have an equitable opportunity to compete for subcontracts, particularly by arranging solicitations, time for the preparation of offers, quantities, specifications, and delivery schedules so as to facilitate the participation of LSA concerns;

(4) Include the Utilization of Labor Surplus Area Concerns clause in subcontracts that offer substantial LSA subcontracting opportunities; and

(5) Maintain records showing (i) the procedures adopted and (ii) the Seller's performance, to comply with this clause. The records will be kept available for review by the FERMCO until the expiration of 1 year after the award of this contract, or for such longer period as may be required by any other clause of this contract or by applicable law or regulations.

(c) The Seller further agrees to insert in any related subcontract that may exceed \$500,000 and that contains the Utilization of Labor Surplus Area Concerns clause, terms that conform substantially to the language of this clause, including this paragraph (c), and to notify FERMCO of the names of subcontractors.

F.4 FAR 52.230-5 ADMINISTRATION OF COST ACCOUNTING STANDARDS (AUG 1987)

NOTE: This clause is applicable only if F.6 is applicable.

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this contract, the Seller shall take the steps outlined in (a) through (f) of this clause:

(a) Submit to FERMCO a description of any accounting change, the potential impact of the change on contracts containing a CAS clause, and if not obviously immaterial, a general dollar magnitude cost impact analysis of the change which displays the potential shift of costs between CAS-covered contracts by contract type (i.e., firm-fixed-price, incentive, cost-plus-fixed-fee, etc.) and other Seller business activity. As related to CAS-covered contracts, the analysis should display the potential impact of funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:

(1) For any change in cost accounting practices required to comply with a new CAS in accordance with subparagraphs (a)(3) and subdivision (a)(4)(i) of the CAS clause, within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring this change.

(2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (a)(4)(iii) of the CAS clause or with subparagraph (a)(3) of the Disclosure and Consistency of Cost Accounting Practices clause, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.

(3) For any failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the CAS clause or by subparagraph (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause, within 60 days (or such other date as may be mutually agreed to) after the date of agreement of noncompliance by the Seller.

(b) Submit a cost impact proposal in the form and manner specified by FERMCO within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to paragraph (a) of this clause. If the cost impact proposal is not submitted within the specified time, or any extension granted by FERMCO, an amount not to exceed 10 percent of each payment made after that date may be withheld until such time as a proposal has been provided in the form and manner specified by FERMCO.

(c) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the CAS clause or with subparagraphs (a)(3), (a)(4), of the CAS Disclosure and Consistency of Cost Accounting Practices clause.

(d) For all subcontracts subject either to the CAS clause or to the Disclosure and Consistency of Cost Accounting Practices clause--

(1) So state in the body of the subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and

(2) Include the substance of this clause in all negotiated subcontracts. In addition, within 30 days after award of the subcontract, submit the following information to the Seller's cognizant contract administration office for transmittal to the contract administration office cognizant of the subcontractor's facility:

(i) Subcontractor's name and subcontract number.

(ii) Dollar amount and date of award.

(iii) Name of Seller making the award.

(iv) Any changes the subcontractor has made or proposes to make to accounting practices that affect contracts or subcontracts containing the CAS clause or Disclosure and Consistency of Cost Accounting Practices clause, unless these changes have already been reported. If award of the subcontract results in making one or more CAS effective for the first time, this fact shall also be reported.

(e) Notify FERMCO in writing of any adjustments required to subcontracts under this contract and agree to an adjustment, based on them, to this Seller's price or estimated cost and fee. This notice is due within 30 days after proposed subcontract adjustments are received and shall include a proposal for adjusting the higher tier subcontract or the contract appropriately.

(f) For subcontracts containing the CAS clause, require the subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

F.5 52.230-2 (48CFR 9903.210-4) COST ACCOUNTING STANDARDS (CAS) (APR 1991)

NOTE: This clause is applicable to negotiated contracts unless exempted under 48 CFR 9903.201-1.

(a) Unless the contract is exempt under 9903.201-1 and 9903.201-2, the provisions of 9903 are incorporated herein by reference and the Seller in connection with this contract, shall--

(1) (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Seller's cost accounting practices as required by 9903.202-1 through 9903.202-5 including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Seller and which contain a Cost Accounting Standards (CAS) clause. If the Seller has notified FERMCO that the Disclosure Statement contains trade secrets, and commercial or financial information which is privileged and confidential, the disclosure Statement shall be protected and shall not be released outside of FERMCO or the Government.

(2) Follow consistently the Seller's cost accounting practices in accumulating and reporting contract performance cost data concerning this contract. If any change in cost accounting practices is made for the purposes of any contract or subcontract subject to CAS requirements, the change must be applied prospectively to this contract, and the Disclosure Statement must be amended accordingly. If the contract price or cost allowance of this contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5) of this clause, as appropriate.

(3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in part 9904, in effect on the date of award of this contract or, if the Seller has submitted cost or pricing data, on the date of final agreement on price as shown on the Seller's signed certificate of current cost or pricing data. The Seller shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Seller.

Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

(4) (i) Agree to an equitable adjustment as provided in the Changes clause of this contract if the contract cost is affected by a change which, pursuant to subparagraph (a)(3) of this clause, the Seller is required to make to the Seller's established cost accounting practices.

(ii) Negotiate with FERMCO to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of this subparagraph (a)(4) of this clause; provided that no agreement may be made under this provision that will increase costs paid by FERMCO.

(iii) When the parties agree to a change to a cost accounting practice, other than a change under subparagraph(a)(4)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this contract.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Seller or a subcontractor fails to comply with an applicable Cost Accounting Standard or to follow any cost accounting practice consistently and such failure results in any increased costs paid by FERMCO. Such adjustment shall provide for recovery of the increased costs to FERMCO together with interest thereon computed at the annual rate established under section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621) for such period from the time the adjustment is effected. In no case shall FERMCO recover costs greater than the increased cost to FERMCO, in the aggregate, on the relevant contracts subject to the price adjustment, unless the Seller made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to FERMCO.

(b) If the parties fail to agree whether the Seller or a subcontractor has complied with an applicable CAS in Part 9904 or a CAS rule or regulation in Part 9903 and as to any cost adjustment demanded by FERMCO, such failure to agree will constitute a dispute under the Disputes clause of this contract.

(c) The Seller shall permit any authorized representatives of the Government to examine and make copies of any of the contract-related documents, papers, or records relating to compliance with the requirements of this clause.

(d) The Seller shall include in all negotiated subcontracts which the Seller enters into, the substance of this clause, except paragraph (b), and shall require such inclusion in all other subcontracts, of any tier, including the obligation to comply with all CAS in effect on the subcontract's award date or if the subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data. This requirement shall apply only to negotiated subcontracts in excess of \$500,000 where the price negotiated is not based on-

(1) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated contracts or subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 9903.201-1.

F.6 52.230-3 (48CFR 9903.201-4C) DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (AUG 1992)

NOTE: This clause is applicable to negotiated subcontracts unless exempted under 48 CFR 9903.201-2 (b) "modified coverage".

(a) The Seller, in connection with this contract, shall -

(1) Comply with the requirements of 48 CFR, Subpart 9904.401. Consistency in Estimating, Accumulating, and Reporting Costs, and 48 CFR, Subpart 9904.402. Consistency in Allocating Costs Incurred for the Same

Purpose, in effect on the date of award of this contract as indicated in 48 CFR, part 9904.

(2) (CAS-covered Contracts Only) If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR subpart 9903.202-1 through 9903.202-5. If the Seller has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of FERMCO the Government.

(3) (i) Follow consistently the Seller's cost accounting practices. A change to such practices may be proposed, however, by either the Government or the Seller, and the Seller agrees to negotiate with the Contracting Officer the terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this contract, and the Disclosure Statement, if affected, must be amended accordingly.

(ii) The Seller shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding required in CFR, subpart 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this contract. In the absence of the required finding, no agreement may be made under this contract clause that will increase costs paid by the United States.

(4) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Seller or a subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the rate of interest established under the Internal Revenue code of 1986 (26 U.S.C. 6621), from the time the payment by the United States was made to the time the adjustment is effected.

(b) If the parties fail to agree whether the Seller has complied with an applicable CAS, rule, or regulation as specified in 48 CFR, parts 9903 and 9904 and as to any cost adjustment demanded by FERMCO, such failure to agree will constitute a dispute under the Disputes clause of this contract.

(c) The Seller shall permit any authorized representatives of the government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause.

(d) The Seller shall include in all negotiated subcontracts, which the Seller enters into, the substance of this clause, except paragraph (b), and shall require such inclusion in all other subcontracts of any tier, except that-

(1) If the subcontract is awarded to a business unit which pursuant to 48 CFR, subpart 9903.201 is required to follow all CAS, the clause entitled "Cost Accounting Standards," set forth in FAR 52.230-2, shall be inserted in lieu of this clause; or

(2) This requirement shall apply only to negotiated subcontracts in excess of \$500,000 where the price negotiated is not based on-

(i) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(ii) Price set by law or regulation; or

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR, Subpart 9903.201-1.

FERNALD ENVIRONMENTAL RESTORATION MANAGEMENT CORPORATION

GENERAL PROVISIONS

FOR

FIXED-PRICE CONSTRUCTION CONTRACTS

AUGUST 1994

All references to the Federal Acquisition Regulation (FAR) and the Department of Energy Acquisition Regulation (DEAR) clauses contained herein indicate the basic content of the clauses contained in the referenced clause, except that the clauses have been changed to reflect the proper parties to this contract.

